



# 10C

## CITY COUNCIL REPORT

**SUBJECT:** Public Hearing to consider adoption of an Infrastructure Finance Plan for the Village 1 Specific Plan Area

**SUBMITTED BY:** Matthew J. Wheeler, CDD Director

**DEPARTMENT:** Community Development

**DATE:** September 13, 2016

**STRATEGIC RELEVANCE:**

**Infrastructure and Economic Development:** Adoption of this Infrastructure Finance Plan would provide the framework for construction of backbone public facilities infrastructure and amenities necessary to facilitate development within the Village 1 Specific Plan Area.

**STAFF RECOMMENDATION(S):**

Staff recommends the City Council conduct a public hearing to review the Village 1 Infrastructure Finance Plan, and:

1. Consider the information contained in the report and testimony of the public; and,
2. Find that the Village 1 Specific Plan Final Environmental Impact Report (SCH# 2010102018) adequately considered the impacts of the proposed Infrastructure Finance Plan and no further environmental review is required pursuant to California Environmental Quality Act (CEQA) Guidelines section 15162 and Public Resources Code section 21166, and further, that the project is exempt from further environmental review pursuant to that Government Code section 65457 and CEQA Guidelines Section 15182 applicable to development consistent with an adopted Specific Plan.
3. Adopt a resolution approving the Village 1 Infrastructure Finance Plan.

**BACKGROUND AND PURPOSE:**

The Village 1 Specific Plan Area (V1SPA) is approximately 1,832 acres in size and is located east of the current City limits along Highway 193, within the City's Sphere of Influence. The village boundaries were established by the City's adopted 2050 General Plan. The V1SPA is generally bounded by Virginiatown Road to the north, existing City Limits to the west, existing City Limits (along the Twelve Bridges Specific Plan Area) to the south, and traverses between private property boundaries near Sierra College Blvd and Stardust Lane to the east. Auburn Ravine crosses through Village 1 along the northern portion of the plan area. The Village 1 Specific Plan, Environmental Impact Report, and General Development Plan were adopted by the Lincoln City Council in December 2012. Approximately 1,712 acres of the V1SPA was recently approved for annexation into the City Limits by the Placer County Local Agency Formation Commission (LAFCO), and annexation is expected to be complete (effective) by August 15th, 2016.

The existing V1SPA consists of 59 parcels of varying size with numerous property owners and varying uses. The Specific Plan identifies an integrated, multi-faceted community area with a



central core that gradually transitions to lower density development toward the edges of the plan area and rural (county) interface. The Village 1 Specific Plan, General Development Plan, and associated infrastructure master plan documents detail the location and sizing of all backbone infrastructure necessary to support development of the plan, consistent with the City's adopted General Plan. The Village 1 Specific Plan and General Development Plan documents also identify the development character, amenities, street sections, and trails which will be developed as part of the infrastructure obligations of the V1SPA.

The Village 1 Stakeholders Group consists of the active property owners/developers within the V1SPA who have been involved in preparation (and funding) of the Specific Plan, General Development Plan, Environmental Impact Report, Annexation efforts, and associated documents/efforts necessary to implement development of the plan. The Village 1 Stakeholders Group has been working with City staff and consultants to prepare the Infrastructure Finance Plan for adoption and implementation by the City of Lincoln.

### Purpose

The Village 1 Specific Plan and General Development Plan were crafted using the "village concept" as described in Section 4.4 of the City's General Plan. The village concept is intended to ensure that new developments meet the quality and mix of land uses desired by the City. As such, large land area planning over the Village 1 properties requires multiple land owners to work together to formulate land planning concepts and character for implementation of the specific plan development, similar to a master-developer. Construction and delivery of major backbone infrastructure and plan amenities must also be performed by a multitude of property owners/developers in a manner similar to a master developer. The purpose of the Village 1 Infrastructure Finance Plan is to detail the means and methods proposed by the V1SPA property owners to work together for delivery of the necessary backbone infrastructure and amenities required of the Specific Plan.

Each developer within the V1SPA must enter into a Development Agreement with the City (a requirement of the Specific Plan document) as part of entitlement applications for projects. The Village 1 Infrastructure Finance Plan details the requirements, timing, and mechanisms for developers within the V1SPA to share the costs and construction of the backbone infrastructure necessary to implement the Village 1 development projects. In addition, the Infrastructure Finance Plan provides support, reinforcement and regulation to the Village 1 Specific Plan and General Development Plan. The Village 1 Infrastructure Finance Plan will be a major component of the individual Development Agreements between the City and developers, which must be negotiated and approved as part of entitlement application processing.

## **FINDINGS/ANALYSIS:**

### Goals

The major goals of the Infrastructure Finance Plan include:

- Identify sequence and timing thresholds for construction of major infrastructure components necessary for orderly development and to ensure adequate facilities are built to serve growth
- Quantify developer funding obligations through phased implementation of backbone infrastructure for equitable cost sharing of improvements throughout construction
- Detail mechanisms for reimbursement to early developers for construction of backbone infrastructure components in excess of their own obligations using funds collected from later developers within the V1SPA



- Provide opportunities for V1SPA developers to pool funds for construction of Public Facilities Element (PFE) obligations within the specific plan area and/or PFE mitigation obligations of the V1SPA
- Maximize available financial resources to optimize development returns, while creating a “sense of place” with City-desired amenities
- Provide adequate funding for city staff administration of the Infrastructure Finance Plan

### Plan Components

The Village 1 Infrastructure Finance Plan identifies improvements and costs associated with the following backbone infrastructure, PFE obligations, and Specific Plan amenities:

- Potable Water
- Wastewater
- Non-Potable (Raw) Water
- Streets
- Drainage
- Trails
- Neighborhood Parks
- Regional Park
- Amenities

The Village 1 Infrastructure Finance Plan also includes the following discussions/details:

- Framework for entitlement approvals within the V1SPA
- Financing Plan policy guidelines
- Financing sources and strategy options
- V1SPA Plan Area Fee Program components and eligibility for reimbursements and credits
- V1SPA Plan Area Fee Administration program and fees
- Infrastructure Finance Plan adjustments and updates
- Feasibility analysis of the financing plan
- Analysis of ongoing operations and maintenance costs for public infrastructure and safety
- Financing Plan implementation action items and examples

The Village 1 Infrastructure Finance Plan is consistent with the Village 1 Specific Plan, General Development Plan, EIR, and associated documents.

### Policies

The Village 1 Infrastructure Finance Plan identifies goals and policies of the plan which meet the interests of the Village 1 owners/developers as well as the City. These goals and policies provide a mechanism for the Village 1 property owners to work together to deliver major PFE projects identified within (or obligation of) the V1SPA in a similar manner as a master developer.



These goals and policies are generally consistent with the City's adopted policies with the exceptions detailed below. The exceptions are necessary in order to facilitate the development of the V1SP by various developers in a manner consistent with the General Plan. Proposed non-standard policies in the Village 1 Infrastructure Finance Plan include:

- Most of the early PFE fees collected within the V1SPA will be pooled and retained separate from the rest of the City PFE fees for use in constructing PFE infrastructure obligations of the Village 1 Specific Plan
  - PFE Obligations include PFE items within the V1SPA boundary
  - PFE Obligations include offsite PFE items identified as mitigation measures for development of the V1SPA
  - The component(s) of PFE fees for critical elements identified in the City's PFE program would not be retained for use within the V1SPA
  - PFE fees collected within the V1SPA will only be retained (pooled) until the V1SPA PFE obligations have been met, subsequent PFE fees would be deposited into the City's PFE fee program for use on City-wide projects
- Credits for construction of eligible PFE projects may be used by developer who built the PFE infrastructure or transferred/sold to another developer within the V1SPA
  - PFE credits are eligible for use in meeting PFE fee obligations at time of building permit
  - PFE credits are not eligible for use in meeting critical element components identified in the City's PFE program
- Trails will be constructed and dedicated to the City as detailed in the Specific Plan as part of the V1SPA obligations and/or individual development project obligations
  - Dedication of constructed trails contemplated in the Village 1 Specific Plan will be considered meeting the V1SPA obligations for trails
  - The City will not collect the Trails portion of PFE fees for properties within the V1SPA due to the trails obligations being met through implementation of the Infrastructure Finance Plan
- Neighborhood parks will be constructed and dedicated to the City as detailed in the Specific Plan as part of the V1SPA obligations and/or individual development project obligations
  - Dedication of constructed (programmed) parks contemplated in the Village 1 Specific Plan will be considered meeting the V1SPA obligations for neighborhood parks
  - The City will not collect the Neighborhood Parks portion of PFE fees for properties within the V1SPA due to the parks obligations being met through implementation of the Infrastructure Finance Plan
- City will require developers within the V1SPA to enter into development agreements which incorporate the Village 1 Infrastructure Finance Plan as obligations of the development agreements.

### Obligations and Thresholds

The Infrastructure Finance Plan anticipates approximately 4,508 residential dwelling units over 915.5 developable acres within the V1SPA. This is less than the maximum allowable development units analyzed in the Specific Plan and associated documents. However, the Infrastructure Finance Plan only contemplates developments in the V1SPA which may begin construction within the next 20 to 30 years for sharing in the costs of backbone infrastructure to





serve the specific plan. This means that all costs for infrastructure obligations within the V1SPA are divided amongst a smaller sub-set of the total buildout units within the entire specific plan. This method was chosen for cost projections in order to ensure adequate funding will be available to construct the improvements within a reasonable timeframe of buildout for the V1SPA.

### City Benefits

Examples of plan elements which benefit the City include:

- Eliminates the use of City funds to cover shortfalls or cash-flow issues related to development with the V1SPA
- All land for public facilities required for development on a property owner's property shall be dedicated to the City when requested by the City
- Ensures adequate infrastructure is funded and constructed within the V1SPA in advance of identified development (dwelling unit) thresholds to support growth and necessary mitigations
- Provides a uniform method of fee collection, assignment of construction obligations, and plan administration for properties developing within the V1SPA

### Developer Benefits

Examples of plan elements to the benefit of the owner/developer include:

- Clearly identify physical and financial obligations of the V1SPA and each property owners' development project
- Equitably allocate V1SPA backbone infrastructure and other public facilities costs to land uses based on proportional benefit received
- Maximize use of existing funding tools and "pay-as-you-go" mechanisms
- Make appropriate use of one or more public land-secured debt financing mechanisms
- Includes flexibility of implementation to accommodate changes in development phasing, sequencing, costs, and land uses in response to market conditions

### **ENVIRONMENTAL DETERMINATION**

Pursuant to the requirements of the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq., "CEQA") and the Environmental Guidelines of the City of Lincoln, the Infrastructure Finance Plan is consistent with the Village 1 Specific Plan Final Environmental Impact Report (SCH# 2010102018) ("FEIR") and no further environmental review is required. None of the circumstances set forth in Public Resources Code section 21166 or CEQA Guidelines Section 15162 (Subsequent Environmental Impact Reports and Negative Declarations) requiring further environmental review exist. The Infrastructure Finance Plan is further exempt from additional environmental review pursuant to Government Code section 65457 and CEQA Guidelines section 15182 applicable to development consistent with adopted specific plans.

### **CONCLUSION:**

Based upon its review, staff recommends that the City Council conduct a Public Hearing to receive testimony concerning the Village 1 Infrastructure Finance Plan and, at the close of the hearing, take action to adopt the Village 1 Infrastructure Finance Plan.



### **ALTERNATIVES:**

Alternatives for the City Council to consider include:

1. Approve the Village 1 Infrastructure Finance Plan as presented;
2. Approve the Village 1 Infrastructure Finance Plan, with revisions;
3. Provide additional direction to staff.

### **FISCAL IMPACT:**

### **RELATED ACTIONS:**

This item was presented to the Planning Commission on August 17, 2016 at their regularly scheduled meeting during a Public Hearing. Planning commissioners approved Resolution 2016-26 by a 4-2 vote recommending approval by the Planning Commission to the City Council for the approval of the Village 1 Infrastructure Finance Plan for the Village 1 Specific Plan Area.

The two Planning Commissioners who voted “no” on the resolution recommending approval to the City Council stated that they did not believe this Infrastructure Finance Plan fell within the jurisdiction or duties of the Planning Commission to provide a recommendation. The two planning commissioners who voted “no” to the resolution did not take any exception to the Infrastructure Plan or its contents.

### **CITY MANAGER REVIEW OF CONTENT:**

**APPROVED AS TO LEGAL FORM:** LZW

### **ATTACHMENTS:**

1. Resolution for adoption of the Village 1 Infrastructure Finance Plan
2. Planning Commission Resolution 2016-26 recommending approval by the Planning Commission to the City Council for the approval of the Village 1 Infrastructure Finance Plan
3. Village 1 Infrastructure Finance Plan (2 Volumes)





**ATTACHMENT 1** - Resolution for adoption of the Village 1 Infrastructure Finance Plan



## CITY COUNCIL

### RESOLUTION NO. 2016 - \_\_\_\_

#### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN FOR THE APPROVAL OF THE VILLAGE 1 INFRASTRUCTURE FINANCE PLAN FOR THE VILLAGE 1 SPECIFIC PLAN AREA

WHEREAS, the Planning Commission of the City of Lincoln conducted a Public Hearing on August 17, 2016 for the Village 1 Infrastructure Finance Plan and recommended approval to the City Council for approval of the Village 1 Infrastructure Finance Plan according to Planning Commission Resolution No. 2016-26; and,

WHEREAS, the City Council of the City of Lincoln has conducted a Public Hearing for the Village 1 Infrastructure Finance Plan which provides implementation measures and guidelines for the Village 1 Specific Plan and associated development projects; and,

WHEREAS, a Final Environmental Impact Report (FEIR) was filed and affirmed by the City of Lincoln for the Village 1 Specific Plan pursuant to City Council Resolution No. 2012-196, making findings of fact, adopting a Mitigation Monitoring Plan for the project; and,

WHEREAS, the Village 1 Infrastructure Finance Plan is consistent with the FEIR and none of the circumstances set forth in Public Resources Code Section 21166 or California Environmental Quality Act (CEQA) Guidelines Section 15162 (Subsequent Environmental Impact Reports and Negative Declarations) require further environmental review; and

WHEREAS, the Village 1 Infrastructure Finance Plan is further exempt from additional environmental review pursuant to Government Code section 65457 and CEQA Guidelines Section 15162 applicable to development consistent with adopted specific plans; and,

WHEREAS, a public notice describing the Public Hearing for the Village 1 Infrastructure Finance Plan was published in the *Lincoln News Messenger* on September 01, 2016 pursuant to Section 17.16.150 of the Lincoln Municipal Code.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF LINCOLN DOES HEREBY RESOLVE TO APPROVE THE VILLAGE 1 INFRASTRUCTURE FINANCE PLAN FOR THE VILLAGE 1 SPECIFIC PLAN AS FOLLOWS:

Section 1. The City Council hereby finds and determines that:

1. Pursuant to the requirements of the California Environmental Quality Act (CEQA) and the Environmental Guidelines of the City of Lincoln, the City has determined that the project is exempt from further environmental review pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162 and 15182 based upon the Village 1 Specific Plan Environmental Impact Report, adopted on November 27, 2012.
2. The Village 1 Infrastructure Finance Plan is consistent with the adopted Village 1 Specific Plan and General Development plan.

Section 2. Based on the findings set forth in this Resolution, and the evidence in the Staff Report, the City Council approves the Village 1 Infrastructure Finance Plan, and implementation for use with development projects within the Village 1 Specific Plan Area.

**PASSED AND ADOPTED** this 13<sup>th</sup> day of September, 2016, by the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

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Spencer Short, Mayor

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Gwen Scanlon, City Clerk





**ATTACHMENT 2** - Planning Commission Resolution 2016-26 recommending approval by the Planning Commission to the City Council for the approval of the Village 1 Infrastructure Finance Plan



## PLANNING COMMISSION

### RESOLUTION NO. 2016 - 26

#### A RESOLUTION RECOMMENDING APPROVAL BY THE PLANNING COMMISSION TO THE CITY COUNCIL FOR THE APPROVAL OF THE VILLAGE 1 INFRASTRUCTURE FINANCE PLAN FOR THE VILLAGE 1 SPECIFIC PLAN AREA

WHEREAS, the Planning Commission of the City of Lincoln has conducted a Public Hearing for the Village 1 Infrastructure Finance Plan which provides implementation measures and guidelines for the Village 1 Specific Plan and associated development projects; and,

WHEREAS, a Final Environmental Impact Report (FEIR) was filed and affirmed by the City of Lincoln for the Village 1 Specific Plan pursuant to City Council Resolution No. 2012-196, making findings of fact and adopting a Mitigation Monitoring Plan for the project; and,

WHEREAS, the Village 1 Infrastructure Finance Plan is consistent with the FEIR and none of the circumstances set forth in Public Resources Code section 21166 or CEQA Guidelines Section 15162 (Subsequent Environmental Impact Reports and Negative Declarations) require further environmental review; and

WHEREAS, the Village 1 Infrastructure Finance Plan is further exempt from additional environmental review pursuant to Government Code section 65457 and CEQA Guidelines section 15182 applicable to development consistent with adopted specific plans; and

WHEREAS, a public notice describing the Public Hearing for the Village 1 Infrastructure Finance Plan was published in the *Lincoln News Messenger* on August 4, 2016 pursuant to Section 17.16.150 of the Lincoln Municipal Code.

NOW THEREFORE, THE PLANNING COMMISSION OF THE CITY OF LINCOLN DOES HEREBY RESOLVE TO RECOMMEND APPROVAL OF THE VILLAGE 1 INFRASTRUCTURE FINANCE PLAN FOR THE VILLAGE 1 SPECIFIC PLAN AS FOLLOWS:

Section 1. The Planning Commission hereby finds and determines that:

1. Pursuant to the requirements of the California Environmental Quality Act (CEQA) and the Environmental Guidelines of the City of Lincoln, the City has determined that the project is exempt from further environmental review pursuant to Public Resources Code section 21166 and CEQA Guidelines sections 15162 and 15182 based upon the Village 1 Specific Plan Environmental Impact Report, adopted on November 27, 2012.
2. The Village 1 Infrastructure Finance Plan is consistent with the adopted Village 1 Specific Plan and General Development Plan.

Section 2. Based on the findings set forth in this Resolution, and the evidence in the Staff Report, the Planning Commission hereby recommends to the City Council that the Village 1 Infrastructure Finance Plan be approved, and be implemented for use with development projects within the Village 1 Specific Plan Area.

PASSED AND ADOPTED THIS 17<sup>th</sup> day of August, 2016, by the following roll call vote:

AYES: 4 COMMISSIONERS: Watford, Plummer, Hutchinson, Karleskint

NOES: 2 COMMISSIONERS: Roberts, Lyons

ABSENT: COMMISSIONERS:

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CHAIRMAN

ATTEST:

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SECRETARY



**ATTACHMENT 3 -** Village 1 Infrastructure Finance Plan (2 Volumes), Fiscal Memorandum and 2 Powerpoint presentations

**BROKEN OUT AND POSTED ON WEBSITE AND INCLUDED IN 9/6/2016 WORK SESSION PACKET**





## 10D

### CITY COUNCIL REPORT

**SUBJECT:** Conduct a public hearing to receive public testimony in regards to amending the Non-Residential Public Facilities Element (PFE) fees for water and sewer.

Adopt a resolution (1) amending the Non-Residential water and sewer PFE fees, and (2) authorizing the application of the amended water and sewer PFE fees to two specific memory care/convalescent care projects currently in the construction process; Summerset and Summer Place.

Adopt one ordinance to amend the Non-Residential PFE fees for the Water Connection Charge and the Sewer Factors for Types of Services.

**SUBMITTED BY:** Steve Ambrose, Director of Support Services

**DEPARTMENT:** Support Services

**DATE:** September 13, 2016

**STRATEGIC RELEVANCE:** Infrastructure

#### **STAFF RECOMMENDATION:**

Staff recommends that the City Council:

1. Conduct a Public Hearing to amend the Non-Residential PFE fees for water and sewer.
2. Adopt a resolution to amend the Non-Residential water and sewer PFE fees and to authorize the application of the amended water and sewer PFE fees for the two existing memory care/convalescent care projects in the construction process.
3. Adopt an Ordinance, amending the Non-Residential PFE fees for the Water Connection Charge and the Sewer Factors for Types of Services.

#### **BACKGROUND / INTRODUCTION:**

The current Public Facilities Element (PFE) Fee Nexus Study was completed by Goodwin Consulting Group on February 9, 2012. The study implemented several changes in an effort to address the concerns of the development community. One objective of amending the PFE fees was to improve efficiency by making the fee program easier for the development community to estimate fees in their planning process and implementation for City staff. Modifications to the process included the adoption of non-residential fees in units of 1,000 square feet for constructed facilities.





## 10D

### **ANALYSIS:**

The implementation of non-residential fees based on the square feet for constructed facilities did provide efficiencies in planning and in the collection of the PFE fees. However, the application of the fee has been considered unequitable by some projects with specialized uses. The City Council heard concerns of the developer for the Summerset project which will provide a memory care facility and convalescent care facility.

City staff perceived comments received from the City Council as a preference to return to fee calculations based upon the proposed use of each building permit. This is similar to the processes in place prior to the 2012 PFE Study. In addition to implementing the sewer calculation methodology in coordination with the PFE study that is currently in progress, the City is also required under Section 5.1.9 of the COJA to jointly agree upon a method of assigning EDU's to non-residential dischargers.

### **CONCLUSION:**

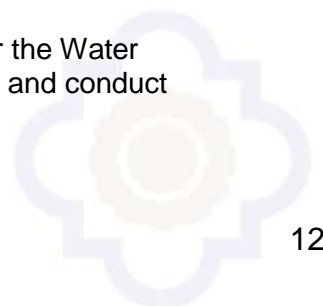
The process to adopt the amendments for the non-residential water and sewer PFE fees requires a public hearing, adoption of a resolution to modify the fees approved in Resolution 2012-024 and the first reading of an ordinance to amend Section 13.04.160 Water Connection Charge and Section 13.12.050 Factors for types of service of the Municipal Code.

The resolution also includes the authorization of the City Council to apply the amended PFE fees to the two existing memory care/convalescent care projects in the construction process. As a comparison, the PFE fees for the Summerset Memory Care Facility would be \$126,116 for water under the current fee program and an estimated \$46,710 using the proposed methodology. The sewer PFE fees would be \$186,869 under the current fee program and \$141,763 using the proposed methodology.

### **ALTERNATIVES:**

The City Council may take the following action:

1. Completion of three actions:
  - Conduct a public hearing regarding the amended non-residential water and sewer PFE fees
  - Adopt the resolution to amend the Non-Residential water and sewer PFE fees and to authorize the application of the amended water and sewer PFE fees for the two existing memory care/convalescent care projects in the construction process.
  - Adopt an Ordinance, amending the Non-Residential PFE fees for the Water Connection Charge and the Sewer Factors for Types of Services and conduct a first reading.
2. Provide staff with additional direction.





## 10D

### **FISCAL IMPACT:**

The amended calculation methodology will be implemented as a component of the PFE study currently in progress.

### **CITY MANAGER REVIEW OF CONTENT:**

### **APPROVED AS TO LEGAL FORM:**

### **ATTACHMENTS:**

- Resolution
- Ordinance



**CITY COUNCIL  
RESOLUTION NO. 2016 –**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN  
APPROVING THE AMENDED NON-RESIDENTIAL PUBLIC FACILITY ELEMENT  
FEES FOR WATER AND SEWER; AND AUTHORIZING THE APPLICATION OF THE  
AMENDED FEES TO THE TWO CURRENT PROJECTS KNOWN AS SUMMERSET  
AND SUMMER PLACE.**

WHEREAS, the City adopted the current PFE fees by Resolution 2012-024 on March 13, 2012; and

WHEREAS, the City has determined to amend the calculation methodology for the non-residential PFE fees for water and sewer; and

WHEREAS, the City Council directs staff to apply the amended PFE fees to the two projects known as Summerset and Summer Place, each a separate project that will construct memory care and/convalescent care facilities.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Lincoln does hereby approve:

1. Amend Section 2 (a) of Resolution 2012-024 to read:

*The sewer connections for Commercial and Business/Professional, and Industrial uses shall be six thousand four hundred forty-three dollars and seventy-seven cents (\$6,443.77) for each EDU. The number of sewer EDU's shall be determined in compliance with Municipal Code Section 13.12.050 – Factors for Types of Service.*

2. Amended Section 2 (c) of Resolution 2012-024 to read:

*The City water connections from Commercial and Business/Professional, and Industrial uses shall be five thousand eight hundred thirty-eight dollars and sixty-nine cents (\$5,838.69) for each EDU. The number of water EDU's shall be determined in compliance with Municipal Code Section 13.04.160. One EDU is equal to one thousand one hundred and fifty (1,150) gallons per day.*

3. The application of the amended water and sewer PFE fees to the two projects known as Summerset and Summer Place, each a separate project that will construct memory care and/convalescent care facilities.

PASSED AND ADOPTED this 13<sup>th</sup> day of September, 2016, by the following vote:

AYES: COUNCILMEMBERS

NOES COUNCILMEMBERS

ABSENT: COUNCILMEMBERS

ABSTAIN: COUNCILMEMBERS

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Spencer Short, Mayor

ATTEST:

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Gwendolyn Scanlon, City Clerk

**CITY OF LINCOLN  
ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF LINCOLN AMENDING SECTIONS 13.04.160 and  
13.12.050 OF THE LINCOLN MUNICIPAL CODE REGARDING WATER AND SEWER  
CONNECTION CHARGES**

THE CITY COUNCIL OF THE CITY OF LINCOLN DOES HEREBY ORDAIN AS  
FOLLOWS:

**Section 1.** This ordinance is enacted pursuant to the authority granted by to cities by State law.

**Section 2.** Section 13.04.160 of the Lincoln Municipal Code entitled "Water connection charge" is amended to read per Attachment 1.

**Section 3.** Section 13.12.050 of the Lincoln Municipal Code entitled "Factors for types of service" is amended to read per Attachment 2.

**Section 4.** If any section, subsection, paragraph, sentence, clause or phrase of this Ordinance for any reason shall be held to be invalid or unconstitutional, the decision shall not affect the remaining portions of the Ordinance. The Council of the City of Lincoln hereby declares that it would have passed this Ordinance and each article, section, subsection, paragraph, sentence, clause or phrase which is a part thereof, irrespective of the fact that any one or more articles, sections, subsections, paragraphs, sentences, clauses or phrases are declared to be invalid or unconstitutional.

**Section 5.** This ordinance shall become effective on November 1, 2016 and within fifteen (15) days of the passage of this ordinance; a copy shall be published once in the News Messenger, a newspaper of general circulation in the City.

**PASSED AND ADOPTED** this 13th day of September, 2016, by the following roll call vote:

AYES: Councilmembers:  
NOES: Councilmembers:  
ABSENT: Councilmembers:

ATTEST:

\_\_\_\_\_  
Spencer Short, Mayor

\_\_\_\_\_  
Gwen Scanlon, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Leslie Walker, City Attorney



## City of Lincoln – Municipal Code

### **13.04.160 Water Connection Charge**

The basic connection unit charge for water for residential and non-residential shall be five thousand five hundred and fifty-eight dollars (\$5,558.00) per equivalent dwelling unit (EDU). One water connection EDU is equal to one thousand one hundred and fifty (1,150) gallons per day.

- A. Reserved for “*Residential Facilities – Except Hotel and Motel*”
- B. Reserved for “*Hotel and Motel*”
- C. Non-Residential Facilities: Customers requesting service must submit the following information to the City for evaluation and calculation of the required water connection:
  - I. Type of Use
  - II. The anticipated routine patterns of use, including:
    - 1. Estimated maximum day demand in gallons.
    - 2. Estimated peak consumption rate in gallons per minute.
    - 3. The meter size requested.
  - III. Type of fire facilities required, including:
    - 1. Size of the fire connection.
    - 2. Estimated rate of use.
    - 3. Storage capacity requirements.
    - 4. Description of the on-site fire protection facilities.
  - IV. Type of cross-connection prevention facilities required by the City.
- D. Connection charges shall be the greater of the water service size or the water volume required. The EDU capacities for water meters 1 ½” and greater are as follows:

I. 1 ½” meter	5 EDU
II. 2” meter	8 EDU
III. 3” meter	16 EDU
IV. 4” meter	25 EDU
V. 6” meter	40 EDU

## E. General Regulations.

- I. Not less than one connection per building.
- II. Classification of shell buildings having no use when connecting to the water system shall be determined based on the judgment of the City based on building permit data, applicable zoning, and plans of the developer. Subsequent modifications to such buildings may result in reclassification and the assessment of additional incremental charges. No refunding of previously paid connection charges will be made where modifications are made to any structure which place it in a classification with a lower connection charge rates.
- III. When the use of a building changes, the City retains the right to review the previously paid connection charges and require the payment additional connections charges based upon the new use. No refunding of previously paid connection charges will be made where the change in use is within a classification with lower connection charge rates.

The Water connection charge set forth herein shall be subject to an annual adjustment up to the change in the San Francisco Construction Cost Index (CCI) as reported by the Engineering News Record (ENR) for the twelve month period beginning January 1<sup>st</sup> as determined by resolution of the City Council. The annual adjustments shall be effective each May 1<sup>st</sup>.

## City of Lincoln – Municipal Code

### **13.12.050 Factors for types of service**

- A. Reserved for “*Residential Facilities – Except Hotel and Motel*”
- B. Reserved for “*Hotel and Motel*”
- C. Commercial or Industrial – Low Strength – Low Quantity: (1) Strength less than 200 mg/l B.O.D. and/or suspended solids, and (2) quantity of less than 25,000 gallons per day.
  - I. Special Low Density – 1 EDU per 5 employees, or fraction thereof
    - 1. Parking garages
    - 2. Warehouses
    - 3. Storage facilities
  - II. Low Density – 1 EDU per 6,000 sq. ft., or fraction thereof
    - 1. Churches without kitchen or meeting hall
    - 2. Low usage retail stores (hardware, appliance, furniture)
  - III. Medium Density – 1 EDU per 3,000 sq. ft., or fraction thereof
    - 1. Theaters
    - 2. Offices
    - 3. Auditoriums, halls, and lodges
    - 4. Retail stores
    - 5. Schools (without cafeterias or gymnasiums)
    - 6. Banks and financial offices
    - 7. Bowling / entertainment centers (without kitchen)
  - IV. High Density – 1 EDU per 1,500 sq. ft., or fraction thereof
    - 1. Barber / beauty shops (with lavatories)
    - 2. Bars
    - 3. Medical / dental offices
    - 4. Schools (with cafeterias or gymnasiums)
    - 5. Service stations
    - 6. Sports / fitness centers
  - V. Special commercial users:
    - 1. Carwashes - per automatic washing stall 8 EDU
    - 2. Carwashes - per self-service stall 2 EDU
    - 3. Laundromats - per washing machine 2/3 EDU
    - 4. Markets (without disposal) - per 1,000 sq. ft. 2/3 EDU
    - 5. Markets (with disposal) - per 1,000 sq. ft. 2 EDU
    - 6. Restaurants, bakeries, cafes - per 1,000 sq. ft. 2 EDU
    - 7. Mortuaries - per 1,000 sq. ft. 2 EDU

8.	Hospitals - per licensed bed	.5 EDU
9.	Resthome – per licensed bed	1/3 EDU
10.	Convalescent hospital – per licensed bed	1/3 EDU
11.	Memory care facility - per licensed bed	1/3 EDU

VI. For other types of commercial or industrial users, an independent study may be reviewed and approved at the discretion of the City.

D. Commercial or Industrial – Low Strength – High Quantity: (1) Strength less than 200 mg/l B.O.D. and/or suspended solids, and (2) quantity greater than or equal to 25,000 gallons per day. The City may require flow monitoring for verification.

I. Sewer units based upon discharges as follows:

1. Calculation:  $\text{gpd flows} / (((\text{gpd flows} - 25,000)/1000) \times 2.15) + 215)$

Example: 40,000 gpd flows = 161.8 sewer EDU's

$40,000 / (((40,000 - 25,000)/1000) \times 2.15) + 215) = 161.8 \text{ EDU's}$

$40,000 / ((15 \times 2.15) + 215) = 161.8 \text{ EDU's}$

$40,000 / 247.25 = 161.8 \text{ EDU's}$

E. Commercial or Industrial – High Strength: (1) Strength greater than 200 mg/l B.O.D. and/or suspended solids, and/or (2) requiring either special handling or treatment.

I. Calculation of sewer units shall be as follows:

$\text{Sewer units} = (\text{gpd}/215) \times (0.61 + (\text{B.O.D.}/200) \times 0.22 + (\text{SS}/200) \times 0.17)$   
+ special treatment or handling costs

F. General Regulations.

I. Not less than one connection per building.

II. Special provisions can be made within each category where, in the judgment of the City, application of ordinance produces inequities or irregularities requiring revision.

III. Prescribed connection charges apply only to the particular uses listed; where multiple uses, within the meaning of the connection charge ordinance are contained in the same structure, the City will determine and allocate the respective square footage or employment dedicated to each

use, and will determine a composite collection charge composed of the respective collection charges for each such use.

- IV. Classification of shell buildings having no use when connecting to the sewage system shall be determined based on the judgment of the City based on building permit data, applicable zoning, and plans of the developer. Subsequent modifications to such buildings may result in reclassification and the assessment of additional incremental charges. No refunding of previously paid connection charges will be made where modifications are made to any structure which places it in a classification with a lower connection charge rates.
- V. When the use of a building changes, the City retains the right to review the previously paid connection charges and require the payment additional connections charges based upon the new use. No refunding of previously paid connection charges will be made where the change in use is within a classification with lower connection charge rates.
- VI. The City may require additional documentation, procedures, tests or studies to appropriately classify the connection fees. Such requirements may include, but are not limited to flow monitoring, flow equalization, installation of flow controls, special treatment and specific discharge permitting.





## 10E

### Report for Lincoln City Council and Board of the Lincoln Public Finance Authority

**SUBJECT:** Adoption of resolutions approving the issuance by the Lincoln Public Financing Authority of not to exceed \$22,500,000 aggregate principal amount of lease revenue refunding bonds in one or more series, on a taxable and/or tax exempt basis; authorizing the forms of and directing the execution and delivery of a trust agreement, a site lease, a facility lease, a bond purchase agreement, one or more escrow agreements and a continuing disclosure agreement; approving form of and distribution of a preliminary official statement and official statement; appointing bond and disclosure counsel for such refinancing; and authorizing taking of necessary actions and execution of necessary certificates in connection therewith.

**SUBMITTED BY:** Steve Ambrose, Director of Support Services

**DEPARTMENT:** Support Services

**DATE:** September 13, 2016

**STRATEGIC RELEVANCE:** Infrastructure

#### **STAFF RECOMMENDATION:**

Staff recommends City Council adopt the resolution approving:

1. The issuance by the Lincoln Public Financing Authority (LPFA) of not to exceed \$22,500,000 aggregate principal amount of lease revenue refunding bonds in one or more series, on a taxable and/or tax exempt basis
2. Authorizing the forms of and directing the execution and delivery of:
  - (a) a trust agreement
  - (b) a site lease
  - (c) a facility lease
  - (d) a bond purchase agreement
  - (e) a continuing disclosure agreement
3. Approving form of and distribution of a preliminary official statement and official statement





4. Appointing bond and disclosure counsel for such refinancing
5. Authorizing taking of necessary actions and execution of necessary certificates in connection therewith.

Staff recommends the Board of the Lincoln Public Financing Authority adopt the resolution approving the same items described above, with the exception of 2(e) to which the Authority is not a party, and one or more escrow agreements.

### **BACKGROUND / INTRODUCTION:**

The City of Lincoln (the “City”) and the Redevelopment Agency of the City of Lincoln (now known as the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln) (the “Agency”) executed a Joint Exercise of Powers Agreement, dated July 1, 1990 (the “Joint Powers Agreement”), which Joint Powers Agreement created and established the Lincoln Public Financing Authority (the “Authority”).

Pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Marks-Roos Local Bond Pooling Act of 1985”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits to be realized.

The Authority previously issued its Lincoln Public Financing Authority Lease Revenue Bonds, Series 2003 (the “Series 2003 Bonds”) in order to finance the acquisition of land and two shell buildings to be improved for use as the City’s Corporation Yard at 2100 Flightline Drive and a Public Safety Facility at 2000 Flightline Drive. The City agreed to make lease payments (the “2003 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of July 1, 2003.

The Authority previously issued its Lincoln Public Financing Authority Lease Revenue Bonds, Series 2006 (the “Series 2006 Bonds”) in order to finance the construction of City Hall. The City agreed to make lease payments (the “2006 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of June 1, 2006.

In order to construct 16 hangars at the Lincoln Regional Airport, the City agreed to make lease payments (the “2008 Lease Payments”) to the assignee of CaLease Public Funding Corporation pursuant to a Leaseback Agreement dated as of July 8, 2008.

### **FINDINGS/ANALYSIS**





Due to the current market for municipal bonds, the City wishes to prepay the 2003 Lease Payments, the 2006 Lease Payments and the 2008 Lease Payments. The prepayment would refund the Series 2003 Bonds, Series 2006 Bonds and the 2008 lease with CaLease Public Funding Corporation ("Prior Obligations").

The Authority could issue its Lease Revenue Refunding Bonds in one or more series, on a taxable and/or tax exempt basis (the "2016 Refunding Bonds") for the purpose of refunding the Prior Obligations. In order to secure and provide for the repayment of the 2016 Refunding Bonds, the City intends to continue to lease the City Hall facility. The description of the real property and improvements are included in Exhibit A to the Facility Lease (the "Facilities"). The Authority and City would enter into a Site Lease by and between the City and the Authority (the "Site Lease"), and a Facility Lease by and between the Authority and the City (the "Facility Lease"). Under the Facility Lease, the City would be obligated to make rental payments to the Authority.

It is proposed that the Authority and U.S. Bank National Association (the "Trustee"), enter into a Trust Agreement (the "Trust Agreement"), pursuant to which the Authority will issue not to exceed \$22,500,000 aggregate principal amount of the 2016 Refunding Bonds and will use the proceeds to refinance the Prior Obligations. The City will enter into a Continuing Disclosure Agreement between the City and the Trustee or such other dissemination agent as City staff shall select (the "Continuing Disclosure Agreement").

The City, the Authority and Piper Jaffray & Co. (the "Underwriter"), as purchaser of the 2016 Refunding Bonds, would enter into a Bond Purchase Agreement (the "Bond Purchase Agreement"), and an Official Statement describing the 2016 Refunding Bonds will be distributed by the Underwriter to potential purchasers of the 2016 Refunding Bonds.

Staff recommends the appointment of the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2016 Refunding Bonds; and to continue with the firm of the PFM Group as the City's financial advisor.

## **CONCLUSION:**

The potential refunding of the 2003, 2006 and 2008 Lease Payments would benefit the City and provide a savings for the remaining debt service period. In addition to the financial benefits, the inclusion of the Series 2003 Bonds in the refunding would remove the current restrictions for the 2000 Flightline building. Currently the City is unable to sell the building if there was a suitable purchaser because of the appraised values and balance of remaining debt. The refunding could provide alternatives for the City if it was determined to no longer be a preferred site for the Public Safety Facility.



### **ALTERNATIVES:**

The City Council and Board of the Lincoln Public Financing Authority may take the following action:

1. Adopt the attached resolutions by separate action, which approves the following:
  - The issuance by the Lincoln Public Financing Authority (LPFA) of not to exceed \$22,500,000 aggregate principal amount of lease revenue refunding bonds in one or more series, on a taxable and/or tax exempt basis
  - Authorizing the forms of and directing the execution and delivery of:
    - a trust agreement
    - a site lease
    - a facility lease
    - a bond purchase agreement
    - one or more escrow agreements (Authority Board only)
    - a continuing disclosure agreement (City Council only)
  - Approving form of and distribution of a preliminary official statement and official statement
  - Appointing bond and disclosure counsel for such refinancing
  - Authorizing taking of necessary actions and execution of necessary certificates in connection therewith.
2. Provide staff with additional direction.

### **FISCAL IMPACT:**

Several analyses have been completed as the market conditions at the time of the bond sale could vary. In general using rough estimates, the average annual lease payments for City Hall would reduce by \$188,000, the Corporation Yard / Public Safety Facility by \$149,000 and the Airport hangars by \$7,900.

### **CITY MANAGER REVIEW OF CONTENT:**

### **APPROVED AS TO LEGAL FORM:**





**ATTACHMENTS:**

- No. 1 – Resolution of the Lincoln City Council
- No. 2 – Resolution of the Board of the Lincoln Public Financing Authority
- No. 3 – Trust Agreement
- No. 4 – Site Agreement
- No. 5 – Facility Lease
- No. 6 – Bond Purchase Agreement
- No. 7 – Preliminary Official Statement
- No. 8 – Continuing Disclosure Agreement
- No. 9 – Escrow Agreements





10E

**ATTACHMENT No. 1 – Resolution of the Lincoln City Council**



1304

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN APPROVING THE ISSUANCE BY THE LINCOLN PUBLIC FINANCING AUTHORITY OF NOT TO EXCEED \$22,500,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE REFUNDING BONDS IN ONE OR MORE SERIES, ON A TAXABLE AND/OR TAX EXEMPT BASIS; AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, A SITE LEASE, A FACILITY LEASE, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT; APPROVING FORM OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT; APPOINTING BOND AND DISCLOSURE COUNSEL FOR SUCH REFINANCING; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY CERTIFICATES IN CONNECTION THEREWITH

WHEREAS, the City of Lincoln (the “City”) and the Redevelopment Agency of the City of Lincoln (now known as the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln) (the “Agency”) have heretofore executed a Joint Exercise of Powers Agreement, dated July 1, 1990 (the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the Lincoln Public Financing Authority (the “Authority”); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Marks-Roos Local Bond Pooling Act of 1985”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits to be realized; and

WHEREAS, the Authority previously issued its Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 (the “Series 2003 Bonds”) in order to finance certain public capital improvements for the benefit of the City (the “2003 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2003 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of July 1, 2003, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2003 Lease Payments in order to refund the Series 2003 Bonds; and

WHEREAS, the Authority previously issued its Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006 (the “Series 2006 Bonds”) in order to finance certain public capital improvements for the benefit of the City (the “2006 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2006 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of June 1, 2006, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2006 Lease Payments in order to refund the Series 2006 Bonds; and

WHEREAS, the City has agreed to make lease payments (the “2008 Lease Payments” and, together with the Series 2003 Bonds and Series 2006 Bonds, the “Prior Obligations”) to the assignee of CaLease Public Funding Corporation pursuant to a Leaseback Agreement, dated as of July 8, 2008, between the City and CaLease Public Funding Corporation; and

WHEREAS, the City wishes to prepay the 2008 Lease Payments; and

WHEREAS, the Authority intends to issue its Lease Revenue Refunding Bonds in one or more series, on a taxable and/or tax exempt basis (the “2016 Refunding Bonds”) for the purpose of refunding the Prior Obligations; and

WHEREAS, in order to secure and provide for the repayment of the 2016 Refunding Bonds, the City intends to lease certain real property and improvements (as described in Exhibit A to the Facility Lease, the “Facilities”) to the Authority under a Site Lease by and between the City and the Authority (the “Site Lease”) and to leaseback such Facilities from the Authority under a Facility Lease by and between the Authority and the City (the “Facility Lease”); and

WHEREAS, under the Facility Lease, the City would be obligated to make rental payments to the Authority; and

WHEREAS, it is further proposed that the Authority and U.S. Bank National Association (the “Trustee”), enter into a Trust Agreement (the “Trust Agreement”), pursuant to which the Authority will issue not to exceed \$22,500,000 aggregate principal amount of the 2016 Refunding Bonds and will use the proceeds to refinance the Prior Obligations; and

WHEREAS, the City, the Authority and Piper Jaffray & Co. (the “Underwriter”), as purchaser of the 2016 Refunding Bonds, will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”), and an Official Statement describing the 2016 Refunding Bonds will be distributed by the Underwriter to potential purchasers of the 2016 Refunding Bonds; and

WHEREAS, the City will enter into a Continuing Disclosure Agreement between the City and the Trustee (the “Continuing Disclosure Agreement”); and

WHEREAS, the City wishes to appoint the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2016 Refunding Bonds; and

WHEREAS, this City Council has been presented with the form of each document hereinabove referred to relating to the 2016 Refunding Bonds, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and



WHEREAS, the City has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LINCOLN, as follows:

Section 1. The City hereby specifically finds and declares that (a) the actions authorized hereby constitute and are with respect to public affairs of the City, (b) the statements, findings and determinations of the City set forth above are true and correct, (c) it will be in the best interest of the City to proceed with a lease revenue refinancing of the Prior Obligations, and the consummation of the transactions contemplated in the Site Lease, Facility Lease, and the Trust Agreement will result in significant public benefits.

Section 2. The City Council hereby approves the issuance of the 2016 Refunding Bonds by the Authority, in an aggregate principal amount of not to exceed \$22,500,000 for the refinancing of the Prior Obligations.

Section 3. The form of Site Lease, in substantially the form made available to the City Council, is hereby approved, and the City Manager and the City Clerk or their designees are hereby authorized and directed to execute and deliver the Site Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Facility Lease, in substantially the form made available to the City Council, is hereby approved, and the City Manager and the City Clerk or their designees are hereby authorized and directed to execute and deliver the Facility Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal component of base rental payments payable under the Facility Lease shall not exceed \$22,500,000, the maximum annual base rental payments payable under the Facility Lease shall not exceed \$22,500,000, and the term of the Facility Lease (including any extensions) shall not exceed August 1, 2046. Among the changes authorized to be made to such Facility Lease are such changes (but not limited to such changes) as are necessary in the event the City Manager or his designee, upon consultation with the Underwriter, determines it is desirable to obtain municipal bond insurance.

Section 5. The form of Trust Agreement by and between the Trustee and the Authority, in substantially the form made available to the City Council, is hereby approved. Among the changes authorized to be made to such Trust Agreement are such changes (but not limited to such changes) as are necessary in the event the City Manager or his designee, upon consultation with the Underwriter, determines it is desirable to obtain municipal bond insurance or a debt service reserve fund surety bond.

Section 6. The form of Bond Purchase Agreement by and among the City, the Authority and the Underwriter, in substantially the form made available to the City Council, is hereby approved. The City Manager or his designee is hereby authorized and directed, for and in

the name and on behalf of the City, to accept the offer of the Underwriter to purchase the 2016 Refunding Bonds as reflected in the Bond Purchase Agreement; and to execute and deliver the Bond Purchase Agreement in substantially the form on file with the City Clerk, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, that the net present value of the debt service savings with respect to the 2016 Refunding Bonds shall be at least 3% of the aggregate principal amount of the Prior Obligations being prepaid or redeemed, as applicable, and the underwriter's discount shall not exceed 0.9% of the aggregate principal amount of the 2016 Refunding Bonds (exclusive of original issue discount).

Section 7. The form of Preliminary Official Statement describing the 2016 Refunding Bonds, in substantially the form made available to the City Council, is hereby approved. The City Manager or his designee is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form with such additions, corrections and revisions as may be determined to be necessary or desirable by the Underwriter, Orrick, Herrington & Sutcliffe, LLP as Bond and Disclosure Counsel or the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized and directed to cause to be supplied to prospective purchasers of the 2016 Refunding Bonds copies of the Preliminary Official Statement in such form, and to supply the purchasers of the 2016 Refunding Bonds with copies of a final Official Statement, completed to include, among other things the interest rate or rates, and final sale information. The City Manager or his designee is hereby authorized and directed to execute a certificate on behalf of the City confirming that the Preliminary Official Statement has been deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain pricing, rating and related information as permitted by said Rule).

Section 8. The proposed form of Continuing Disclosure Agreement, to be dated the date of issuance of the 2016 Refunding Bonds, by and between the City and the Trustee, in substantially the form made available to the City Council, is hereby approved. The City Manager or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The City hereby appoints the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2016 Refunding Bonds.

Section 10. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. The Mayor of the City, the City Clerk, the City Manager, the City Attorney and the officers of the City are hereby authorized and directed to execute and deliver any and all certificates and representations, signature certificates, non-litigation certificates, tax and rebate certificates and certificates concerning the contents of the Official Statement distributed in connection with the sale of the 2016 Refunding Bonds, necessary and desirable to accomplish the transactions set forth above.

Section 11. All actions heretofore taken by the officers and agents of the City with respect to the transactions contemplated herein are hereby approved and confirmed.

Section 12. This Resolution shall take effect immediately upon its passage.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Lincoln at a regular meeting thereof, held on the \_\_th day of \_\_\_\_, 2016, by the following vote:

AYES:

NOES:

ABSENT:

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Spencer Short  
Mayor of the City of Lincoln

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Gwen Scanlon  
City Clerk of the City of Lincoln

# CITY CLERK'S CERTIFICATE

I, Gwen Scanlon, City Clerk of the City of Lincoln, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly held at the regular meeting place thereof on the \_\_\_th day of \_\_\_\_\_, 2016, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

An agenda of said meeting was posted at least 72 hours before said meeting at City Hall, Lincoln, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the City of Lincoln, California, this \_\_\_\_ day of \_\_\_\_\_.

[Seal]

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Gwen Scanlon  
City Clerk of the City of Lincoln



10E

**ATTACHMENT No. 2 – Resolution of the Board of the Lincoln Public Financing Authority**



1311

RESOLUTION NO. 2016-\_\_

RESOLUTION OF THE BOARD OF THE LINCOLN PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$22,500,000 LINCOLN PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (MUNICIPAL FACILITIES PROJECT), SERIES 2016; APPROVING FORMS OF AND EXECUTION OF A SITE LEASE, A FACILITY LEASE, A TRUST AGREEMENT, ESCROW AGREEMENTS AND A BOND PURCHASE AGREEMENT; APPROVING FORM OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT FOR THE SALE OF SAID BONDS; APPOINTING BOND AND DISCLOSURE COUNSEL FOR SUCH REFINANCING; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES.

WHEREAS, the City of Lincoln (the “City”) and the Lincoln Development Agency (now known as the Successor Agency to the Lincoln Development Agency) have heretofore executed a Joint Exercise of Powers Agreement, dated July 1, 1990 (the “Joint Powers Agreement”), which Joint Powers Agreement creates and establishes the Lincoln Public Financing Authority (the “Authority”); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Marks-Roos Local Bond Pooling Act of 1985”) and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing public capital improvements whenever there are significant public benefits to be realized; and

WHEREAS, the Authority previously issued its Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 (the “Series 2003 Bonds”) in order to finance certain public capital improvements for the benefit of the City (the “2003 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2003 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of July 1, 2003, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2003 Lease Payments in order to refund the Series 2003 Bonds; and

WHEREAS, the Authority previously issued its Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006 (the “Series 2006 Bonds”) in order to finance certain public capital improvements for the benefit of the City (the “2006 Facilities”); and

WHEREAS, the City has agreed to make lease payments (the “2006 Lease Payments”) to the Authority pursuant to the Facility Lease, dated as of June 1, 2006, between the Authority and the City; and

WHEREAS, the City wishes to prepay the 2006 Lease Payments in order to refund the Series 2006 Bonds; and

WHEREAS, the City has agreed to make lease payments (the “2008 Lease Payments” and, together with the Series 2003 Bonds and Series 2006 Bonds, the “Prior Obligations”) to the assignee of CaLease Public Funding Corporation pursuant to a Leaseback Agreement, dated as of July 8, 2008, between the City and CaLease Public Funding Corporation; and

WHEREAS, the City wishes to prepay the 2008 Lease Payments; and

WHEREAS, the City has requested that the Authority issue its Lease Revenue Refunding Bonds, Series 2016 (the “2016 Refunding Bonds”) for the purpose of refunding the Prior Obligations; and

WHEREAS, in order to secure and provide for the repayment of the 2016 Refunding Bonds, the City intends to lease certain real property and improvements (as described in Exhibit A to the Facility Lease, the “Facilities”) to the Authority under a Site Lease by and between the City and the Authority (the “Site Lease”) and to leaseback such Facilities from the Authority under a Facility Lease by and between the Authority and the City (the “Facility Lease”); and

WHEREAS, the Authority desires to authorize the issuance and sale of the 2016 Refunding Bonds, pursuant to a Trust Agreement (the “Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, under the Facility Lease, the City would be obligated to make rental payments to the Authority; and

WHEREAS, all rights to receive such base rental payments will be pledged by the Authority to the Trustee under the Trust Agreement; and

WHEREAS, the Authority and U.S. Bank National Association, as escrow agent, will enter into an Escrow Agreement in connection with the refunding and defeasance of the Series 2003 Bonds (the “2003 Escrow Agreement”); and

WHEREAS, the Authority and U.S. Bank National Association, as escrow agent, will enter into an Escrow Agreement in connection with the refunding and defeasance of the Series 2006 Bonds (the “2006 Escrow Agreement”); and

WHEREAS, the City, the Authority and Piper Jaffray & Co. (the “Underwriter”), as purchaser of the 2016 Refunding Bonds, will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”), and an Official Statement describing the 2016 Refunding Bonds will be distributed by the Underwriter to potential purchasers of the 2016 Refunding Bonds; and

WHEREAS, the Authority wishes to appoint the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2016 Refunding Bonds; and

WHEREAS, the City has determined that refinancing the Prior Obligations, and the consummation of the transactions contemplated in the Site Lease, Facility Lease, and the Trust Agreement will result in significant public benefits; and

WHEREAS, this Board has been presented with the form of each document hereinabove referred to relating to the 2016 Refunding Bonds; and

WHEREAS, the Authority has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized; and

NOW, THEREFORE, BE IT RESOLVED by the Board of the Lincoln Public Financing Authority, as follows:

Section 1. The foregoing recitals are true and correct and the Authority hereby so finds and determines.

Section 2. The issuance and sale of the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016, in one or more series, on a taxable and/or tax exempt basis in the aggregate principal amount of not to exceed \$22,500,000, is hereby approved and ratified.

Section 3. The form of Site Lease, in substantially the form made available to the City Council, is hereby approved and the Chair of the Authority and the Secretary of the Authority or their designees are hereby authorized and directed to execute and deliver the Site Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Facility Lease, in substantially the form made available to the City Council, is hereby approved and the Chair of the Authority and the Secretary of the Authority or their designees are hereby authorized and directed to execute and deliver the Facility Lease in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Facility Lease (including any extensions) shall not exceed August 1, 2046.

Section 5. The form of Trust Agreement by and between the Authority and the Trustee, in substantially the form made available to the City Council, is hereby approved. The Chair of the Authority or his designee is hereby authorized and directed to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Among the changes authorized to be made to such Trust Agreement are such changes (but not limited to such changes) as are necessary in the event the Chair or his designee, upon consultation with the Underwriter, determines it is desirable to obtain municipal bond insurance or a debt service reserve fund surety bond.



Section 6. The form of 2003 Escrow Agreement in substantially the form made available to the City Council, is hereby approved, and the Chair of the Authority and the Secretary of the Authority or their designees are hereby authorized and directed to execute and deliver the 2003 Escrow Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of 2006 Escrow Agreement in substantially the form made available to the City Council, is hereby approved, and the Chair of the Authority and the Secretary of the Authority or their designees are hereby authorized and directed to execute and deliver the 2006 Escrow Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The form of Bond Purchase Agreement by and among the Authority, the City and the Underwriter, in substantially the form made available to the City Council, is hereby approved. The Chair of the Authority or the Executive Director or their designees are hereby authorized and directed to execute and deliver the Bond Purchase Agreement in substantially said form, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, that the net present value of the debt service savings with respect to the 2016 Refunding Bonds shall be at least 3% of the aggregate principal amount of the Prior Obligations being prepaid or redeemed, as applicable, and the underwriter's discount shall not exceed 0.9% of the aggregate principal amount of the 2016 Refunding Bonds (exclusive of original issue discount).

Section 9. The form of Preliminary Official Statement describing the 2016 Refunding Bonds, in substantially the form made available to the City Council, is hereby approved. The Chair of the Authority or his designee is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form, with such additions, corrections and revisions as may be determined to be necessary or desirable by the Underwriter, Orrick, Herrington & Sutcliffe, LLP as Bond and Disclosure Counsel or the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized and directed to cause to be supplied to prospective purchasers of the 2016 Refunding Bonds copies of the Preliminary Official Statement in such form, and to supply the purchasers of the 2016 Refunding Bonds with copies of a final Official Statement, completed to include, among other things, the interest rate or rates, and final sale information. The Chair of the Authority or the Executive Director or their designees are hereby authorized and directed to execute a certificate on behalf of the Authority confirming that the Preliminary Official Statement has been deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain pricing, rating and related information as permitted by said Rule).

Section 10. The Authority hereby appoints the firm of Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel for the 2016 Refunding Bonds.

Section 11. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. The Chair of the Authority, the Executive Director, the Secretary of the Authority, or their designees and the officers of the Authority are hereby authorized and directed to execute and deliver any and all certificates and representations, signature certificates, no-litigation certificates, tax and rebate certificates, and certificates concerning the contents of the Official Statement distributed in connection with the sale of the 2016 Refunding Bonds, necessary and desirable to accomplish the transactions set forth above.

Section 12. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the 2016 Refunding Bonds are hereby approved and confirmed.

Section 13. This Resolution shall take effect from and after its date of adoption.

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the Lincoln Public Financing Authority at a regular meeting thereof, held on the \_\_\_th day of \_\_\_\_\_, 2016, by the following vote:

AYES:

NOES:

ABSENT:

---

Spencer Short  
Chairperson of the City of Lincoln  
Public Financing Authority

---

Gwen Scanlon  
Secretary of the City of Lincoln  
Public Financing Authority

CERTIFICATE OF THE SECRETARY OF THE  
LINCOLN PUBLIC FINANCING AUTHORITY

I, Gwen Scanlon, Secretary of the Lincoln Public Financing Authority (the “Authority”), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of said Authority duly and regularly held in Lincoln, California, on \_\_\_\_\_, 2016, of which meeting all of the members of said Authority had due notice and at which a majority thereof were present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

An agenda of said meeting was posted at least 72 hours before said meeting at City Hall, Lincoln, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate hereto as of this \_\_\_\_\_ day of \_\_\_\_\_.

By \_\_\_\_\_

Gwen Scanlon  
Secretary of the City of Lincoln  
Public Financing Authority



10E

ATTACHMENT No. 3 – Trust Agreement



1318

TRUST AGREEMENT

between the

LINCOLN PUBLIC FINANCING AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,

Trustee

Dated as of [November] 1, 2016

RELATING TO THE

\$[\_\_\_\_\_]  
Lincoln Public Financing Authority  
Lease Revenue Refunding Bonds  
Series 2016A

\$[\_\_\_\_\_]  
Lincoln Public Financing Authority  
Lease Revenue Refunding Bonds  
Series 2016B (Federally Taxable)

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THIS TRUST AGREEMENT, dated as of [November] 1, 2016 (the “Trust Agreement”), between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the “Trustee”), and the LINCOLN PUBLIC FINANCING AUTHORITY (the “Authority”), a public entity and agency, duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Lincoln (the “City”) and the Successor Agency to the Redevelopment Agency of the City of Lincoln,

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers joint powers authorities to issue bonds to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, in order to finance the acquisition of certain real property, as more particularly described in Exhibit A of the Series 2003 Site Lease (as hereinafter defined), together with all site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities (the “Series 2003 Project”), the City and the Authority entered into a Facility Lease (the “Series 2003 Facility Lease”) and a Site Lease (the “Series 2003 Site Lease”), each dated as of July 1, 2003;

WHEREAS, in order to provide funds necessary to finance the Series 2003 Project, the Authority issued its Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 (the “Series 2003 Bonds”), payable from the base rental payments to be made by the City pursuant to the Series 2003 Facility Lease;

WHEREAS, in order to assist in financing the acquisition of certain real property and the construction of a city hall facility thereon, as more particularly described in Exhibit A of the Series 2006 Site Lease (as hereinafter defined), together with site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities (the “Series 2006 Project”), the City and the Authority entered into a Facility Lease (the “Series 2006 Facility Lease”) and a Site Lease (the “Series 2006 Site Lease”), each dated as of July 1, 2006;

WHEREAS, in order to provide funds necessary to finance the Series 2006 Project, the Authority issued its Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006 (the “Series 2006 Bonds”), payable from the base rental payments to be made by the City pursuant to the Series 2006 Facility Lease;

WHEREAS, in order to finance the acquisition, construction, furnishing and equipping of certain improvements at the Lincoln Regional Airport, as more particularly described in Exhibit B of the Hangar Lease and Leaseback Agreement (as hereinafter defined)

(the “Hangar Project” and, together with the Series 2003 Project and the Series 2006 Project, the “Prior Projects”), the City and CALease Public Funding Corporation (the “Corporation”) entered into a Lease and Leaseback Agreement, dated as of July 8, 2008 (the “Hangar Lease and Leaseback Agreement” and, together with the Series 2003 Facility Lease and the Series 2006 Facility Lease, the “Prior Leases”);

WHEREAS, the City is obligated to make certain rental payments pursuant to the Hangar Lease and Leaseback Agreement (the “Hangar Rental Payments” and, together with the Series 2003 Bonds and the Series 2006 Bonds, the “Prior Obligations”);

WHEREAS, the City desires to refinance the Prior Projects by exercising its option to prepay the rental payments to be made by the City pursuant to the Prior Leases, thereby causing the Prior Obligations to be prepaid or defeased and redeemed, as applicable;

WHEREAS, in order to refinance the Prior Projects, the City is leasing certain real property and the improvements thereto, as more particularly described in Exhibit A of the Site Lease (the “Leased Property”), to the Authority pursuant to a Site Lease (as hereinafter defined), and the City is subleasing the Leased Property back from the Authority pursuant to a Facility Lease (as hereinafter defined);

WHEREAS, the City has determined that the consummation of the transactions contemplated in the Site Lease, the Facility Lease and this Trust Agreement will result in significant public benefits;

WHEREAS, in order to provide the funds necessary to refinance the Prior Projects and prepay or redeem, as applicable, the Prior Obligations, the Authority and the City desire to provide for the issuance of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), in the aggregate principal amount of \$[\_\_\_\_\_], and Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) (the “Series 2016B Bonds” and, together with the Series 2016A Bonds, the “Series 2016 Bonds”), in the aggregate principal amount of \$[\_\_\_\_\_], each payable from the base rental payments to be made by the City pursuant to the Facility Lease;

WHEREAS, in order to provide for the authentication and delivery of the Bonds (as hereinafter defined), to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at

any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; EQUAL SECURITY**

**SECTION 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

#### **Act**

The term “Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

#### **Additional Payments**

The term “Additional Payments” shall have the meaning ascribed to such term in the Facility Lease.

#### **Authority**

The term “Authority” means the Lincoln Public Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

#### **Banc of America Public Capital Corp**

The term “Banc of America Public Capital Corp” means Banc of America Public Capital Corp, as assignee to all of the Corporation’s right, title, interest, obligations and duties in, to and under the Hangar Lease and Leaseback Agreement.

#### **Base Rental Payments**

The term “Base Rental Payments” shall have the meaning ascribed to such term in the Facility Lease.



## **Bond Insurance Policy; Series 2016 Bond Insurance Policy**

The term “Bond Insurance Policy” means any policy of financial guaranty insurance insuring the scheduled payment when due of the amounts of principal of and interest on the Bonds and issued by a Bond Insurer.

The term “Series 2016 Bond Insurance Policy” means that financial guaranty insurance policy issued by the Series 2016 Bond Insurer insuring payment when due of the principal of and interest on the Bonds as provided therein.

## **Bond Insurer**

The term “Bond Insurer” means any insurance company or companies which has or have issued any Bond Insurance Policy insuring payment of the amounts of principal of and interest on the Bonds or any series or portion thereof.

## **Bonds, Series 2016A Bonds, Series 2016B Bonds, Series 2016 Bonds, Additional Bonds, Serial Bonds, Term Bonds, Series 2016A Term Bonds, Series 2016B Term Bonds**

The term “Bonds” means the Series 2016A Bonds, the Series 2016B Bonds and all Additional Bonds.

The term “Series 2016A Bonds” means the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II.

The term “Series 2016B Bonds” means the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II.

The term “Series 2016 Bonds” means, collectively, the Series 2016A Bonds and the Series 2016B Bonds.

The term “Additional Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III.

The term “Serial Bonds” means Bonds for which no sinking fund payments are provided.

The term “Term Bonds” means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates, including the Series 2016A Term Bonds and the Series 2016B Term Bonds.

“Series 2016A Term Bonds” means the Series 2016A Bonds which are payable on or before their specified maturity date or dates from Mandatory Sinking Account Payments

established for that purpose and calculated to retire such Series 2016A Bonds on or before their specified maturity date or dates, being the Series 2016A Bonds maturing on [August] 1, 20[\_\_\_] and on [August] 1, 20[\_\_\_].

“Series 2016B Term Bonds” means the Series 2016B Bonds which are payable on or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Series 2016B Bonds on or before their specified maturity date or dates, being the Series B Bonds maturing on [August] 1, 20[\_\_\_] and on [August] 1, 20[\_\_\_].

### **Bond Year**

The term “Bond Year” means the twelve-month period ending on [August 1] of each year to which reference is made (except that the first Bond Year shall commence on the Dated Date and end [August 1], 2017).

### **Business Day**

The term “Business Day” means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

### **Certificate of the Authority**

The term “Certificate of the Authority” means an instrument in writing signed by the Chairperson of the Authority, the Executive Director of the Authority, the designee of either such officer, or by any other officer of the Authority duly authorized by the Authority for that purpose.

### **Certificate of the City**

The term “Certificate of the City” means an instrument in writing signed by the Mayor of the City, City Manager of the City, or by either of such officers duly appointed designee, or by any other officer of the City duly authorized by the City Council of the City for that purpose.

### **City**

The term “City” means the City of Lincoln, California, a municipal corporation organized and existing under its charter and the Constitution of the State of California.

### **Code**

The term “Code” means the Internal Revenue Code of 1986.

## **Continuing Disclosure Agreement**

The term “Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of the City, dated the date of issuance and delivery of Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

## **Corporation**

The term “Corporation” means CALease Public Funding Corporation, as lessor pursuant to the Hangar Lease and Leaseback Agreement.

## **Costs of Issuance**

The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority and related to the authorization, execution and delivery of the Site Lease, the Facility Lease, the Trust Agreement and the sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, premiums of any Bond Insurer, fees and charges for preparation, execution and safekeeping of the Bonds, title search and title insurance fees, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

## **Costs of Issuance Fund**

The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 2.12.

## **Dated Date**

The term “Dated Date” means [\_\_\_\_\_], 2016, the date of initial authentication and delivery of the Series 2016A Bonds and the Series 2016B Bonds.

## **Debt Service**

The term “Debt Service” means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) that portion of the principal amount of all Outstanding Serial Bonds maturing on the next succeeding principal payment date that would have accrued during such Fiscal Year or period if such principal amount were deemed to accrue daily in equal amounts from the next preceding principal payment date or during the year preceding the first principal payment date, as the case may be, and (3) that portion of the principal amount of all Outstanding Term Bonds required to be redeemed or paid on the next succeeding redemption date (together with the redemption premiums, if any, thereon) that would have accrued during such Fiscal Year or period if such principal amount (and redemption

premiums) were deemed to accrue daily in equal amounts from the next preceding redemption date or during the year preceding the first redemption date, as the case may be.

### **Defeasance Obligations**

The term “Defeasance Obligations” means any of the following:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation);
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series; or
- (3) Other investments approved in writing by the Bond Insurer.

### **Escrow Agent**

The term “Escrow Agent” means [U.S. Bank National Association, as Escrow Agent pursuant to the Series 2003 Trust Agreement and the Series 2006 Trust Agreement,] and any successor thereto.

### **Event of Default**

The term “Event of Default” shall have the meaning ascribed to such term in Section 8.01.

### **Facility Lease**

The term “Facility Lease” means that certain lease, entitled “Facility Lease,” between the Authority and the City, dated as of [November] 1, 2016, which lease or a memorandum thereof was recorded in the office of the County Recorder of Placer County on [\_\_\_\_], 2016 under Recorder’s Serial No. [\_\_\_\_], as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

### **Fiscal Year**

The term “Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

## **Hangar Lease and Leaseback Agreement**

The term “Hangar Lease and Leaseback Agreement” means that certain Lease and Leaseback Agreement, dated as of July 8, 2008, between the City, as lessee, and CALease Public Funding Corporation, as lessor.

## **Hangar Project**

The term “Hangar Project” means the acquisition, construction, furnishing and equipping of certain improvements at the Lincoln Regional Airport, as more particularly described in Exhibit B of the Hangar Lease and Leaseback Agreement.

## **Hangar Rental Payments**

The term “Hangar Rental Payments” means those certain rental payments required, pursuant to the Hangar Lease and Leaseback Agreement, to be made by the City to Banc of America Public Capital Corp.

## **Holder**

The term “Holder” means any person who shall be the registered owner of any Outstanding Bond.

## **Independent Certified Public Accountant**

The term “Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and
- (3) is not connected with the Authority as a member, officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

## **Information Services**

The term “Information Services” means [Financial Information, Inc.'s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 17302, Attention: Editor; Kenny Information Services' “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Moody's “Municipal and Government,” 575077 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Reports; and Standard & Poor's “Called Bond Record,” 55 Water Street, New York, New York 10041]; or to

such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

### **Interest Account**

The term “Interest Account” means the account by that name established pursuant to Section 4.03.

### **Interest Payment Date**

The term “Interest Payment Date” means a date on which interest is due on the Bonds, being [February 1] and [August 1] of each year to which reference is made, commencing on [February 1], 2017.

### **Joint Powers Agreement**

The term “Joint Powers Agreement” means the Joint Exercise of Powers Agreement by and between the City of Lincoln and the Redevelopment Agency of the City of Lincoln, as succeeded by the Successor Agency to the Former Redevelopment Agency of the City of Lincoln, dated July 1, 1990, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

### **Leased Property**

The term “Leased Property” means the real property described in Exhibit A to the Facility Lease, together with all property subsequently added thereto, or any property substituted for all or any portion of the Leased Property in accordance with this Trust Agreement and the Facility Lease.

### **Mandatory Sinking Account Payments**

The term “Mandatory Sinking Account Payments” means the payments set forth in Section 4.03(e).

### **Moody’s**

The term “Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

### **Opinion of Counsel**

The term “Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

## **Outstanding**

The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

## **Permitted Encumbrances**

The term “Permitted Encumbrances” means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facility Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date hereof and which the City certifies in writing will not materially impair the use of the Leased Property; (3) the Site Lease, as it may be amended from time to time; (4) the Facility Lease, as it may be amended from time to time; (5) this Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing; and (8) liens relating to special assessments levied with respect to the Leased Property.

## **Permitted Investments**

The term “Permitted Investments” means any of the following obligations if and to the extent that, at the time of making such investment, they are permitted by applicable law:

- (1) Defeasance Securities;
- (2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHA’s)

- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" or higher by Standard & Poor's and which mature not more than three hundred sixty (360) calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" or higher by Moody's and "A-1+" or higher by Standard & Poor's and which matures not more than two hundred seventy (270) calendar days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or higher by Standard & Poor's, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and Standard & Poor's or any successors thereto; or

(B) (i) which are fully secured as to interest and principal and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such interest and principal and redemption premiums, if any, on such bonds or other obligations



on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay interest and principal and redemption premiums, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated “Aaa/AAA” or general obligations of states with a rating of “A2/A” or higher by both Moody’s and Standard & Poor’s;

(9) Investment agreements approved in writing by the Bond Insurer (supported by appropriate opinions of counsel);

(10) the California Asset Management Program pooled investment fund maintained by PFM Asset Management LLC or any successor thereto, (ii) the Local Agency Investment Fund maintained by the California State Treasurer’s Office, or (iii) any other state-administered pool investment fund in which the City is statutorily permitted or required to invest, subject to the Series 2016 Bond Insurer’s approval; and

(11) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch and Citigroup Global Markets Inc.;

(b) As to certificates of deposit and bankers’ acceptances, the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above, the value thereof established by prior agreement among the Authority, the Trustee and the Bond Insurer.

### **Prior Leases**

The term “Prior Leases” means, collectively, the Series 2003 Facility Lease, the Series 2006 Facility Lease and the Hangar Lease and Leaseback Agreement.

### **Prior Obligations**

The term “Prior Obligations” means, collectively, the Series 2003 Bonds, the Series 2006 Bonds and the Hangar Rental Payments.

**Prior Projects**

The term “Prior Projects” means, collectively, the Series 2003 Project, the Series 2006 Project and the Hangar Project.

**Rebate Fund**

The term “Rebate Fund” means the fund by that name established pursuant to Section 5.03.

**Record Date**

The term “Record Date” means, with respect to an Interest Payment Date, the fifteenth day of the month immediately preceding such Interest Payment Date.

**Representation Letter**

The term “Representation Letter” means the letter of representation dated on or before the date of issuance of the Series 2016A Bonds and the Series 2016B Bonds, to The Depository Trust Company, New York, New York, from the Authority relating to its book-entry bonds.

**Reserve Fund**

The term “Reserve Fund” means the fund by that name established pursuant to Section 4.03.

**Reserve Fund Requirement**

The term “Reserve Fund Requirement” means, as of any date of determination by the City, the least of (i) ten percent (10%) of the initial offering price of the Series 2016 Bonds to the public, (ii) 125% of the average annual Debt Service on all Outstanding Bonds or (iii) maximum annual Debt Service on all Outstanding Bonds.

**Revenue Fund**

The term “Revenue Fund” means the fund by that name established pursuant to Section 4.02.

**Revenues**

The term “Revenues” means (i) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facility Lease (but not Additional Payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to this Trust Agreement or the Facility Lease (other than the Rebate Fund).

## **Securities Depositories**

The term “Securities Depositories” means: The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attn: Call Notification Department, Fax (212) 855-7232, in accordance with the then current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or to no such depositories, as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

## **Serial Bonds**

The term “Serial Bonds” means Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

## **Series**

The term “Series,” or “series” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

## **Series 2003 Bonds**

The terms “Series 2003 Bonds” means the Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003, issued pursuant to the Series 2003 Trust Agreement.

## **Series 2003 Facility Lease**

The term “Series 2003 Facility Lease” means that certain lease, entitled “Facility Lease,” by and between the Authority and the City, dated as of July 1, 2003, which lease or a memorandum thereof was recorded in the office of the County Recorder of Placer County on July 30, 2003 under Recorder’s Serial No. 2003-0125260, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

## **Series 2003 Project**

The term “Series 2003 Project” means financing the acquisition of certain real property, as more particularly described in Exhibit A of the Series 2003 Site Lease, together with all site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities.

## **Series 2003 Site Lease**

The term “Series 2003 Site Lease” means that certain lease, entitled “Site Lease,” by and between the City and the Authority, dated as of July 1, 2003, which lease or a

memorandum thereof was recorded in the office of the County Recorder of Placer County on July 30, 2003 under Recorder's Serial Number 2003-0125259, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

### **Series 2003 Trust Agreement**

The term "Series 2003 Trust Agreement" means that certain Trust Agreement, dated as of July 1, 2003, by and between the Authority and U.S. Bank National Association, as Trustee, in connection with the Series 2003 Bonds.

### **Series 2006 Bonds**

The term "Series 2006 Bonds" means Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006, issued pursuant to the Series 2006 Trust Agreement.

### **Series 2006 Facility Lease**

The term "Series 2006 Facility Lease" means that certain lease, entitled "Facility Lease," by and between the Authority and the City, dated as of July 1, 2006, which lease or a memorandum thereof was recorded in the office of the County Recorder of Placer County on July 17, 2006 under Recorder's Serial No. 2006-75848, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

### **Series 2006 Project**

The term "Series 2006 Project" means assisting in financing the acquisition of certain real property and the construction of a city hall facility thereon, as more particularly described in Exhibit A of the Series 2006 Site Lease, together with site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities.

### **Series 2006 Site Lease**

The term "Series 2006 Site Lease" means that certain lease, entitled "Site Lease," by and between the City and the Authority, dated as of July 1, 2006, which lease or a memorandum thereof was recorded in the office of the County Recorder of Placer County on July 17, 2006 under Recorder's Serial Number 2006-75847, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

### **Series 2006 Trust Agreement**

The term "Series 2006 Trust Agreement" means that certain Trust Agreement, dated as of July 1, 2006, by and between the Authority and U.S. Bank National Association, as Trustee, in connection with the Series 2006 Bonds.

**Series 2016 Bond Insurer**

The term “Series 2016 Bond Insurer” means [\_\_\_\_\_], or any successor thereto or assignee thereof.

**Series 2016A Costs of Issuance Account**

The term “Series 2016A Costs of Issuance Account” means the account by that name within the Costs of Issuance Fund established pursuant to Section 2.12.

**Series 2016B Costs of Issuance Account**

The term “Series 2016B Costs of Issuance Account” means the account by that name within the Costs of Issuance Fund established pursuant to Section 2.12.

**Site Lease**

The term “Site Lease” means that certain lease, entitled “Site Lease,” between the City and the Authority, dated as of [November] 1, 2016, which lease or a memorandum thereof was recorded in the office of the County Recorder of Placer County on [\_\_\_\_\_], 2016 under Recorder’s Serial Number [\_\_\_\_\_], as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

**Standard & Poor’s**

The term “Standard & Poor’s” or “S&P” means S&P Global, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

**State**

The term “State” means the State of California.

**Supplemental Trust Agreement**

The term “Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

**Tax Certificate**

The term “Tax Certificate” means the Tax Certificate delivered by the Authority at the time of original issuance of the Series 2016A Bonds relating to Section 148 of the Code, or

any functionally similar replacement certificate, as the same may be amended or supplemented from time to time in accordance with its terms.

### **Trust Agreement**

The term “Trust Agreement” means this Trust Agreement, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

### **Trustee**

The term “Trustee” means U.S. Bank National Association, or any other association or corporation which may at any time be substituted in its place as provided in Section 6.01.

### **Written Request of the Authority**

The term “Written Request of the Authority” means an instrument in writing signed by the Chairperson of the Authority, the Executive Director of the Authority, the designee of either such officer, or by any other officer of the Authority duly authorized by the Authority for that purpose.

### **Written Request of the City**

The term “Written Request of the City” means an instrument in writing signed by the Mayor of the City, the City Manager of the City, the designee of either such officer, or by any other officer of the City duly authorized by the City Council of the City to the Trustee for that purpose.

**SECTION 1.02 Equal Security.** In consideration of the acceptance of the Bonds by the Holders thereof, the Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the series, number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

## **ARTICLE II**

### **ISSUANCE OF SERIES 2016 BONDS**

**SECTION 2.01 Authorization and Purpose of Series 2016 Bonds.** The Authority has reviewed all proceedings heretofore taken relative to the authorization of the

Series 2016 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2016 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2016 Bonds in the form and manner provided herein for the purpose of providing funds to refinance the Prior Projects, and that the Series 2016 Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

## **SECTION 2.02      Terms of the Series 2016 Bonds.**

(a) The Series 2016A Bonds shall be designated “Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A,” and shall be in the aggregate principal amount of [2016A PAR IN WORDS] dollars (\$[2016A PAR]). The Series 2016A Bonds shall be dated as of the Dated Date, shall be issued only in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2016A Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following schedule:

<b><u>Maturity Date</u></b> <b><u>([August 1])</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>
	\$	%

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\* Term Bond.

(b) The Series 2016B Bonds shall be designated “Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable),” and shall be in the aggregate principal amount of [2016B PAR IN WORDS] dollars (\$[\_\_\_\_\_]). The Series 2016B Bonds shall be dated as of the Dated Date, shall be issued only in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars

(\$5,000) (not exceeding the principal amount of Series 2016B Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following schedule:

<b><u>Maturity Date</u></b> <b><u>([August 1])</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>
	\$	%

(c) The principal of and redemption premiums, if any, on the Series 2016 Bonds shall be payable in lawful money of the United States of America at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as designated by the Trustee. The Series 2016 Bonds shall bear interest at the rates set forth above, payable semiannually on [February] 1 and [August] 1 in each year, commencing on [February] 1, 2017. Interest on the Series 2016 Bonds shall be computed using a year of 360 days consisting of twelve 30-day months.

The Series 2016 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or before the first Record Date, in which event they shall bear interest from the Dated Date; provided, however, that if at the time of authentication of any Series 2016 Bond interest is then in default on the Outstanding Series 2016 Bonds, such Series 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2016 Bonds.

Payment of interest on the Series 2016 Bonds due on or before the maturity or prior redemption thereof shall be made on the Interest Payment Date to the person whose name appears in the Series 2016 Bonds registration books kept by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date for an Interest



Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of a Holder of \$1,000,000 or more in aggregate principal amount of Series 2016 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds.

## **SECTION 2.03      Redemption of Series 2016 Bonds.**

(a) Extraordinary Redemption. The Series 2016 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole, or in part by lot within each stated maturity in integral multiples of five thousand dollars (\$5,000), from prepayments made by the City pursuant to Section 7.02(a) of the Facility Lease and deposited in the Principal Account, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. Whenever less than all of the outstanding Bonds are to be redeemed on any one date, the Trustee shall select the Bonds to be redeemed in part from the outstanding Bonds such that the aggregate annual Debt Service on Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual Debt Service on Bonds Outstanding prior to such redemption date.

### (b)      Mandatory Sinking Account Redemption.

(i) The Series 2016A Term Bonds maturing on [August] 1, 20[\_\_\_], upon notice as hereinafter provided, shall also be subject to mandatory sinking account redemption prior to maturity, in part on [August] 1 of each year on and after [August] 1, 20[\_\_\_], by lot, from and in the amount of the Mandatory Sinking Account Payments set forth in Section 4.03, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

The Series 2016A Term Bonds maturing on [August] 1, 20[\_\_\_], upon notice as hereinafter provided, shall also be subject to mandatory sinking account redemption prior to maturity, in part on [August] 1 of each year on and after [August] 1, 20[\_\_\_], by lot, from and in the amount of the Mandatory Sinking Account Payments set forth in Section 4.03, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

(ii) The Series 2016B Term Bonds maturing on [August] 1, 20[\_\_\_], upon notice as hereinafter provided, shall also be subject to mandatory sinking account redemption prior to maturity, in part on [August] 1 of each year on and after [August] 1, 20[\_\_\_], by lot, from and in the amount of the Mandatory Sinking Account Payments set forth in Section 4.03, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

The Series 2016B Term Bonds maturing on [August] 1, 20[\_\_\_], upon notice as hereinafter provided, shall also be subject to mandatory sinking account redemption prior to maturity, in part on [August] 1 of each year on and after [August] 1, 20[\_\_\_], by lot, from and in the amount of the Mandatory Sinking Account Payments set forth in

Section 4.03, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

(c) Optional Redemption.

(i) The Series 2016A Bonds maturing on or after [August] 1, 20[\_\_\_] are subject to redemption prior to their respective stated maturities at the written direction of the Authority, from moneys deposited by the Authority or the City from optional prepayments made by the City pursuant to the Facility Lease, as a whole or in part on any date on or after [August] 1, 20[\_\_\_] (in such maturities as are designated in writing by the Authority to the Trustee), at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the date fixed for redemption.

(ii) The Series 2016B Bonds are subject to optional redemption by the Authority prior to their respective stated maturity dates as a whole or in part on any date from any source of available funds, upon mailed notice as provided herein, at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the date fixed for redemption.

(d) Selection of Bonds of a Maturity for Redemption. If less than all Outstanding Series 2016 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2016 Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the Series 2016 Bonds so selected for redemption. For purposes of such selection, Series 2016 Bonds shall be deemed to be composed of \$5,000 multiples of principal, and any such multiple may be separately redeemed.

(e) Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Holders of the Series 2016 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Municipal Securities Rulemaking Board, (iii) the Securities Depositories and (iv) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail, electronic mail or overnight delivery or facsimile transmission. Each notice of redemption shall state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2016 Bonds of such maturity, to be redeemed and, in the case of Series 2016 Bonds to be redeemed in part only, the respective portions of the principal amount to be redeemed. Each such notice shall also state that, unless the redemption is cancelled, on said date there will become due and payable on each of said Series 2016 Bonds the redemption price, if any, thereof and in the case of a Series 2016 Bond to be redeemed in part only, the specified portion of the principal amount to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2016 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice shall not invalidate any of the proceedings taken in connection with such redemption. Any redemption may be cancelled

if the notice of same has not been mailed to the registered Holders or if such notice expressly conditions the redemption upon the occurrence of one or more events. Any such cancellation shall be given by notice in the same manner as the notice of redemption at least three business days prior to the date scheduled for redemption.

In the event of redemption of any Series 2016 Bond (other than mandatory sinking account redemptions), the Trustee shall mail a notice of redemption upon receipt of a Written Request of the Authority, received by the Trustee 60 days prior to the redemption date but only after the Authority shall file a Certificate of the Authority with the Trustee stating that on or before the date set for redemption, the Authority shall have deposited with or otherwise made available to the Trustee for deposit in the Principal Account the money required for payment of the redemption price, including accrued interest, of all Series 2016 Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose, in which event the notice of redemption shall state that the proposed redemption is conditioned on there being on deposit in the Principal Account on the redemption date sufficient money to pay the full redemption price of the Series 2016 Bonds or such portions thereof to be redeemed), together with the estimated expense of giving such notice.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Series 2016 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Series 2016 Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Series 2016 Bonds shall cease to accrue, and the Holders of such Series 2016 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(f) Cancellation of Redeemed Bonds. All Series 2016 Bonds redeemed pursuant to the provisions of this Section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority upon its request and shall not be reissued.

**SECTION 2.04 Form of Series 2016 Bonds.** The Series 2016 Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated.

**SECTION 2.05 Execution of Series 2016 Bonds.** The Chairperson and the Executive Director of the Authority, each acting alone, are hereby authorized and directed to execute each of the Series 2016 Bonds on behalf of the Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Series 2016 Bonds on behalf of the Authority. The signatures of such Chairperson, Executive Director and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Series 2016 Bonds shall cease to be such officer before the delivery of the Series 2016 Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Series 2016 Bonds.

Only those Series 2016 Bonds bearing thereon a certificate of authentication and registration in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Series 2016 Bonds so authenticated and registered have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

**SECTION 2.06      Transfer and Payment of Series 2016 Bonds.** Any Series 2016 Bonds may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2016 Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable by the Trustee. Whenever any Series 2016 Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same series and maturity for a like aggregate principal amount of authorized denominations. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

The Authority and the Trustee may deem and treat the registered owner of any Series 2016 Bonds as the absolute owner of such Series 2016 Bonds for the purpose of receiving payment thereof and for all other purposes, whether such Series 2016 Bonds shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Series 2016 Bonds shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Series 2016 Bonds to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Series 2016 Bonds which have been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Series 2016 Bond selected for redemption in whole or in part as provided in Section 2.03 or during the period established by the Trustee for selection of Series 2016 Bonds for redemption.

**SECTION 2.07      Exchange of Series 2016 Bonds.** Series 2016 Bonds may be exchanged at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as designated by the Trustee for a like aggregate principal amount of Series 2016 Bonds of the same series and maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority. The Trustee shall not be required to exchange any Series 2016 Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Series 2016 Bond

selected for redemption in whole or in part as provided in Section 2.03 or during the period established by the Trustee for selection of Series 2016 Bonds for redemption.

**SECTION 2.08 Series 2016 Bond Registration Books.** The Trustee will keep sufficient books for the registration and transfer of the Series 2016 Bonds which shall during normal business hours be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Series 2016 Bonds in such books as hereinabove provided.

**SECTION 2.09 Mutilated, Destroyed, Stolen or Lost Series 2016 Bonds.** If any Series 2016 Bond shall become mutilated the Trustee at the expense of the Holder shall thereupon authenticate and deliver, a new Series 2016 Bond of like tenor and amount in exchange and substitution for the Series 2016 Bond so mutilated, but only upon surrender at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as designated by the Trustee of the Series 2016 Bond so mutilated. Every mutilated Series 2016 Bond so surrendered to the Trustee shall be cancelled.

If any Series 2016 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Holder, shall thereupon authenticate and deliver, a new Series 2016 Bond of like tenor in lieu of and in substitution for the Series 2016 Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Series 2016 Bond issued under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Series 2016 Bond issued under the provisions of this Section in lieu of any Series 2016 Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Series 2016 Bonds. Neither the Authority nor the Trustee shall be required to treat both the original Series 2016 Bond and any replacement Series 2016 Bond as being Outstanding for the purpose of determining the principal amount of Series 2016 Bonds which may be issued hereunder or for the purpose of determining any percentage of Series 2016 Bonds Outstanding hereunder, but both the original and replacement Series 2016 Bond shall be treated as one and the same.

**SECTION 2.10 Temporary Series 2016 Bonds.** The Series 2016 Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Series 2016 Bonds when ready for delivery. The temporary Series 2016 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Series 2016 Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Series 2016 Bonds it will execute and furnish definitive Series 2016 Bonds without delay and thereupon the temporary Series 2016 Bonds may be surrendered, for cancellation, in exchange therefor at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as designated by the Trustee and the Trustee shall deliver in exchange for such temporary Series 2016 Bonds an equal aggregate principal amount of definitive Series 2016 Bonds of authorized denominations. Until so exchanged, the temporary

Series 2016 Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Series 2016 Bonds delivered hereunder.

**SECTION 2.11 Procedure for the Issuance of Series 2016 Bonds**  
**Application of Proceeds.** At any time after the sale of the Series 2016 Bonds in accordance with the Act, the Authority shall execute the Series 2016 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Series 2016 Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof.

After deduction for underwriter's discount in the amount of \$[\_\_\_\_\_] [and a bond insurance premium in the amount of \$[\_\_\_\_\_] ], each of which the Underwriter of the Bonds will retain (in the case of the underwriter's discount) or pay directly to the payee thereof, the remaining proceeds of the sale of the Series 2016 Bonds shall be deposited as follows:

(a) The Trustee shall deposit \$[\_\_\_\_\_] in the Series 2016A Costs of Issuance Account and \$[\_\_\_\_\_] in the Series 2016B Costs of Issuance Account, which shall be applied in accordance with Section 2.12.

(b) The Trustee shall transfer the amount of \$[\_\_\_\_\_] to the Escrow Agent, to be applied to the payment and redemption of the Series 2003 Bonds in accordance with the Series 2003 Trust Agreement.

(c) The Trustee shall transfer the amount of \$[\_\_\_\_\_] to the Escrow Agent, to be applied to the payment and redemption of the Series 2006 Bonds in accordance with the Series 2006 Trust Agreement.

(d) The Trustee shall transfer the amount of \$[\_\_\_\_\_] to Banc of America Public Capital Corp, as prepayment of the City's remaining rental payments pursuant to and in accordance with the Hangar Lease and Leaseback Agreement.

**SECTION 2.12 Costs of Issuance Fund.** There is hereby established the Costs of Issuance Fund, which the Authority hereby agrees to maintain with the Trustee until [February 1], 20[17], or such earlier date on which no funds remain in said fund. There is also hereby created within the Costs of Issuance Fund a Series 2016A Costs of Issuance Account and a Series 2016B Costs of Issuance Account into which accounts shall be deposited the amount required to be deposited therein by the provisions of Section 2.11(a). All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee at the Written Request of the Authority for payment of the Costs of Issuance upon receipt of a Written Request of the Authority filed with the Trustee substantially in the form of Exhibit B, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On [February 1], 20[17], or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the Revenue Fund.

**SECTION 2.13 Validity of Series 2016 Bonds.** The validity of the issuance of the Series 2016 Bonds shall not be dependent on or affected in any way by the

proceedings taken by the Authority for the refinancing of the Prior Projects or by any contracts made by the Authority or its agents in connection therewith. The recital contained in the Series 2016 Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Series 2016 Bonds shall be incontestable from and after their issuance. The Series 2016 Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Series 2016 Bonds (or any temporary Series 2016 Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

**SECTION 2.14      Special Covenants as to Book-Entry Only System for Series 2016 Bonds.**

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.14, all of the Series 2016 Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series 2016 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series 2016 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Series 2016 Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Series 2016 Bonds, representing the aggregate principal amount of the Series 2016 Bonds of such maturity. Upon initial issuance, the ownership of all such Series 2016 Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.08 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2016 Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Series 2016 Bonds, selecting the Series 2016 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of Series 2016 Bonds, obtaining any consent or other action to be taken by Holders of the Series 2016 Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.14, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series 2016 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2016 Bonds, (iii) any notice which is permitted or required to be given to Holders of Series 2016 Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2016 Bonds, or (v) any consent given or other action taken by DTC as Holder of Series 2016 Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2016 Bonds only at the times, to the accounts, at the addresses and otherwise in

accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the Series 2016 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series 2016 Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.14.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Series 2016 Bonds that they be able to obtain bond certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Series 2016 Bonds will be transferable in accordance with subsection (f) of this Section 2.14. DTC may determine to discontinue providing its services with respect to the Series 2016 Bonds at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series 2016 Bonds will be transferable in accordance with subsection (f) of this Section 2.14. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Series 2016 Bonds then Outstanding. In such event, the Series 2016 Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 2.14, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Series 2016 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series 2016 Bond and all notices with respect to each such Series 2016 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event that any transfer or exchange of Series 2016 Bonds is authorized under subsection (b) or (c) of this Section 2.14, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2016 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event Series 2016 Bond certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as holder of all the Series 2016 Bonds, another securities depository as holder of all the Series 2016 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Series 2016 Bonds and the method of payment of principal of, premium, if any, and interest on the Series 2016 Bonds.



## **ARTICLE III**

### **ISSUANCE OF ADDITIONAL BONDS**

**SECTION 3.01      Conditions for the Issuance of Additional Bonds.** The Authority may at any time, with the consent of the Bond Insurer, issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided herein and secured by a pledge of and charge and lien upon the Revenues as provided herein equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued hereunder, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained herein, and no Event of Default shall have occurred and be continuing.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to the completion of the Leased Property, or for the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds, which refunding or repayment shall result in aggregate Debt Service savings. The Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Bonds during the estimated period of any construction and for a period of not to exceed twelve (12) months thereafter.

(c) The Supplemental Trust Agreement shall provide, if necessary, that from such proceeds or other sources an amount shall be deposited in the Reserve Fund so that following such deposit there shall be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement.

(d) The aggregate principal amount of Bonds issued and at any time Outstanding hereunder shall not exceed any limit imposed by law, by this Trust Agreement or by any Supplemental Trust Agreement.

(e) The Facility Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the City thereunder in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

**SECTION 3.02      Proceedings for Authorization of Additional Bonds.** Whenever the Authority and the City shall determine to execute and deliver any Additional Bonds pursuant to Section 3.01, the Authority and the Trustee shall enter into a Supplemental Trust Agreement providing for the issuance of such Additional Bonds, specifying the maximum principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds.

The Supplemental Trust Agreement shall prescribe the form or forms of such Additional Bonds and, subject to the provisions of Section 3.01, shall provide for the distinctive designation, denominations, method of numbering, dates, interest rates, provisions for redemption (if desired) and places of payment of principal and interest.

Before such Additional Bonds shall be issued, the City and the Authority shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel setting forth (1) that such Counsel has examined the Supplemental Trust Agreement and the amendment to the Facility Lease required by Section 3.01(e); (2) that the execution and delivery of the Additional Bonds have been and duly authorized by the City and the Authority; and (3) that said amendment to the Facility Lease, when duly executed by the City and the Authority, will be a valid and binding obligation of the City and the Authority.

(b) A Certificate of the City that the requirements of Section 3.01 have been met.

(c) A certified copy of a resolution of the City authorizing the execution of the amendments to the Facility Lease required by Section 3.01(e).

(d) A certified copy of a resolution of the Authority authorizing the execution of the amendments to the Facility Lease required by Section 3.01(e).

(e) An executed counterpart or duly authenticated copy of any amendment to the Facility Lease required by Section 3.01(e).

(f) A Certificate of the City stating that the insurance required by Sections 5.01, 5.02 and 5.03 of the Facility Lease is in effect.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Certificates of the City and of the Authority stating that all applicable provisions of this Trust Agreement have been complied with (so as to permit the execution and delivery of the Additional Bonds in accordance with the Supplemental Trust Agreement then delivered to the Trustee), the Trustee shall authenticate and deliver said Additional Bonds, in the aggregate principal amount specified in such Supplemental Trust Agreement, to, or upon the Written Request of, the Authority.

**SECTION 3.03 Limitations on the Issuance of Obligations Payable from Revenues.** The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized pursuant to Sections 3.01 and 3.02; or

(b) Obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then required to be paid hereunder from Revenues for principal, premium, interest and reserve fund requirements for the Bonds, as the same become due and payable and at the times and in the manner as required in this Trust Agreement.

## ARTICLE IV

### REVENUES

**SECTION 4.01 Pledge of Revenues.** All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Rebate Fund created pursuant to Section 5.03) are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided herein, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established hereunder (excluding other amounts on deposit in the Rebate Fund created pursuant to Section 5.03) for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. The Authority hereby assigns to the Trustee all of the Authority's rights and remedies under the Facility Lease.

The assignment of the Facility Lease to the Trustee is solely in its capacity as Trustee under this Trust Agreement and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of this Trust Agreement, including, without limitation, the provisions of Article VI hereof. The Trustee shall have no responsibility for the representations, covenants or warranties of the Authority under the Facility Lease.

**SECTION 4.02 Receipt and Deposit of Revenues in the Revenue Fund.** In order to carry out and effectuate the pledge, assignment, charge and lien contained herein, the Authority agrees and covenants that all Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Holders and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund, which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain with the Trustee so long as any Bonds shall be Outstanding hereunder. All Revenues and all other amounts pledged and assigned shall be accounted for through and held in trust in the Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

**SECTION 4.03 Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund.** Subject to Section 5.03, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special funds within the Revenue Fund (each of which is hereby created and each of which the Authority hereby covenants and agrees to cause to be maintained) in the following order of priority:

- (a) Interest Account,
- (b) Principal Account, and

(c) Reserve Fund.

All money in each of such funds and accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(d) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(e) Principal Account. On or before each [August] 1, commencing [August] 1, 20[\_\_\_], the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable (either by redemption, including from Mandatory Sinking Account Payments, or by maturity) on all Outstanding Bonds in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Bonds becoming due and payable (either by redemption, including from Mandatory Sinking Account Payments, or by maturity) in such Bond Year. Amounts deposited to the Principal Account pursuant to Section 2.03(a) or (c) shall be applied to pay the principal and redemption premium, if any, on the Series 2016 Bonds called for redemption pursuant to said Sections.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each series, designated as the “\_\_\_\_\_ Sinking Account” (the “Sinking Account”), inserting therein the series (if more than one such account is established for such series) and maturity designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article II; provided that, at any time prior to giving such notice of such redemption, the Trustee may upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such series and maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, in the case of Series 2016 Bonds, to reduce said Mandatory Sinking Account Payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as they shall become due and payable, whether at maturity or redemption, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such sinking fund account was created.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Series 2016A Term Bonds, designated as the “Series 2016A Term Bond Sinking Account.”

The Trustee shall establish and maintain within the Series 2016A Term Bond Sinking Account a separate subaccount for the Series 2016A Term Bonds maturing on [August] 1, 20[\_\_\_]. Subject to the terms and conditions set forth in this Section and Section 2.03(b), the Series 2016A Term Bonds maturing on [August] 1, 20[\_\_\_], shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for such Series 2016A Term Bonds Sinking Account, as follows:

**Series 2016[A] Term Bonds of [August 1], 20[\_\_\_]**

<b><u>Date</u></b> <b><u>([August 1])</u></b>	<b><u>Mandatory Sinking</u></b> <b><u>Account Payment</u></b>
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\* Maturity Date.

The Trustee shall establish and maintain within the Series 2016A Term Bond Sinking Account a separate subaccount for the Series 2016A Term Bonds maturing on [August] 1, 20[\_\_\_]. Subject to the terms and conditions set forth in this Section and Section 2.03(b), the Series 2016A Term Bonds maturing on [August] 1, 20[\_\_\_], shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for such Series 2016A Term Bonds Sinking Account, as follows:

**Series 2016A Term Bonds of [August 1], 20[\_\_\_]**

<b><u>Date</u></b> <b><u>([August 1])</u></b>	<b><u>Mandatory Sinking</u></b> <b><u>Account Payment</u></b>
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\* Maturity Date.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Series 2016B Term Bonds, designated as the “Series 2016B Term Bond Sinking Account.”

The Trustee shall establish and maintain within the Series 2016B Term Bond Sinking Account a separate subaccount for the Series 2016B Term Bonds maturing on [August] 1, 20[\_\_\_]. Subject to the terms and conditions set forth in this Section and Section 2.03(b), the Series 2016B Term Bonds maturing on [August] 1, 20[\_\_\_], shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for such Series 2016B Term Bonds Sinking Account, as follows:

**Series 2016B Term Bonds of [August 1], 20[\_\_\_]**

<b>Date (<u>[August 1]</u>)</b>	<b>Mandatory Sinking Account Payment</b>
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\* Maturity Date.

The Trustee shall establish and maintain within the Series 2016B Term Bond Sinking Account a separate subaccount for the Series 2016B Term Bonds maturing on [August] 1, 20[\_\_\_]. Subject to the terms and conditions set forth in this Section and Section 2.03(b), the Series 2016B Term Bonds maturing on [August] 1, 20[\_\_\_], shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for such Series 2016B Term Bonds Sinking Account, as follows:

**Series 2016B Term Bonds of [August 1], 20[\_\_\_]**

<b>Date</b> <b><u>([August 1])</u></b>	<b>Mandatory Sinking</b> <b><u>Account Payment</u></b>
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\* Maturity Date.

(f) Reserve Fund. On or before [June] 1 and [December] 1 of each year, the Trustee shall set aside from the Revenue Fund and shall deposit in the Reserve Fund a sum equal to the amount of money, if any, determined by the Trustee to be necessary to restore the Reserve Fund to the Reserve Fund Requirement; and for this purpose all investments in the Reserve Fund on or before [June] 1 and [December] 1 of each year (beginning on or before [December] 1, 20[16]) shall be valued at the face value thereof if such investments mature within twelve (12) months from the date of such valuation, or if such investments mature more than twelve (12) months after the date of such valuation, at the price at which such investments are redeemable by the holder, at such holder's option, if so redeemable, or if not so redeemable, at the then current market value of such investments; provided, that no deposit need be made in the Reserve Fund if the amount contained therein is at least equal to the Reserve Fund Requirement; and provided further, that if as a result of the foregoing valuation the Trustee determines that an amount in excess of the applicable Reserve Requirement is on deposit in any of the subaccounts in the Reserve Fund, the Trustee shall notify the Authority of such excess and deposit or transfer such excess as directed in a Written Request of the Authority filed with the Trustee, subject to any applicable requirements of the Tax Certificate; provided that if no Written Request of the Authority is filed with the Trustee by [December 15] of each year, the Trustee shall deposit such excess in the Revenue Fund, as a credit against payments due under the Facility Lease.

All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, except that so long as the Authority is not in default hereunder, any cash amounts in the Reserve Fund in excess of the amount required by this subsection 4.03(f) to be on deposit therein shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund on or before each Interest Payment Date. For accounting purposes only, the Trustee shall maintain a separate subaccount in the Reserve Fund for each Series of Bonds. In the event that there are insufficient Revenues available to deposit the total amount necessary to maintain the Reserve Fund Requirement, deposits of such Revenues to the subaccounts for each Series of Bonds shall be made proportionately, based on the amount of deficiency in each such subaccount. The Authority may satisfy the Reserve Fund

Requirement at any time by the deposit with the Trustee for the credit of the Reserve Fund of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof, subject to the written consent of the Bond Insurer.

(i) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a “municipal bond insurer”) may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of such municipal bond insurer shall be rated at least “[Aa3]” by Moody’s or “[AA-]” by Standard & Poor’s.

(ii) Letter of Credit. A letter of credit may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody’s and Standard & Poor’s, but in no event less than the rating on the Bonds given by any rating agency which has a then currently effective rating on the Bonds. Unless the Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to the Reserve Fund for such Bonds on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Reserve Fund.

(iii) Release of Moneys in Reserve Fund. If the Authority replaces a cash-funded Reserve Fund, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements of either (a) or (b) above, amounts on deposit in the Reserve Fund shall, upon written request of the Authority to the Trustee, be transferred, subject to the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Bonds (excluding the Series 2016B Bonds) to be included in gross income for purposes of federal income taxation, to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements.

**SECTION 4.04 Application of Insurance Proceeds.** In the event of any damage to or destruction of any part of the Leased Property covered by insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Permitted Investments pursuant to the Written Request of the City, as agent for the Authority under the Facility Lease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Leased Property, and specifying the items for which such



moneys were expended, or such liabilities were incurred, in reasonable detail. The City shall file a Written Request with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Leased Property. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be treated by the Trustee as Base Rental Payments and applied in the manner provided by Section 4.01. Alternatively, the City, at its option, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Leased Property, or that portion, in the case of partial damage or destruction of the Leased Property, of the Base Rental Payments relating to the damaged or destroyed portion of the Leased Property, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of Section 2.03 and the corresponding provisions of any Supplemental Trust Agreement. The City shall not apply the proceeds of insurance as set forth in this Section 4.04 to redeem the Bonds in part due to damage or destruction of a portion of the Leased Property unless the Trustee receives a Certificate of the Authority that the Base Rental Payments on the undamaged portion of the Leased Property will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

**SECTION 4.05      Deposit and Investments of Money in Accounts and Funds.** Subject to Section 5.03, all money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the Authority. In the absence of such a Written Request, the Trustee shall invest such money to the extent reasonably practicable in Permitted Investments of the type described in clause (6) of the definition thereof.

Investments (except investment agreements) in Trust Agreement funds and accounts shall be valued at the market value thereof, exclusive of accrued interest, at least semiannually.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date immediately succeeding the investment. Investments (except investment agreements or repurchase agreements) purchased with funds on deposit in the Reserve Fund shall have a term to maturity not greater than five years. For purposes of this Section, investments that are redeemable or permit withdrawal at the option of the Authority or Trustee shall be deemed to mature on the earliest dates and in the largest amounts which may be so redeemed or withdrawn under the terms thereof.

Subject to Section 5.03, all interest or profits received on amounts in the Reserve Fund and Interest Account shall be deposited in the Reserve Fund, to the extent necessary to make amounts on deposit in the Reserve Fund equal to the Reserve Fund Requirement, and then in the Revenue Fund. The Trustee shall not be liable for any losses on such investments.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive

such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investment hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investment made by the Trustee hereunder.

## **ARTICLE V**

### **COVENANTS OF THE AUTHORITY**

**SECTION 5.01 Punctual Payment and Performance.** The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

**SECTION 5.02 Against Encumbrances.** The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in Section 3.03.

**SECTION 5.03 Tax Covenants; Rebate Fund.**

(a) In addition to the funds and accounts created pursuant to Section 4.03, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate and in accordance with written instructions of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of Sections 4.01, 4.02, 4.05, 8.02 and 9.01 relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 5.03 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund after redemption and payment with respect to all of the Bonds, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses to the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the direction of the Authority.

(c) The Authority shall not use or permit the use of any proceeds of Series 2016A Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Series 2016A Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code, “private activity bond” within the meaning of Section 141(a) of the Code, or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Series 2016A Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section 5.03(c) it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the Authority shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(d) The Authority and the Trustee (as directed by the Authority) specifically covenant to comply with the provisions and procedures of the Tax Certificate.

(e) The Authority shall not use or permit the use of any proceeds of the Series 2016A Bonds or any funds of the Authority, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Series 2016A Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(f) Notwithstanding any provisions of this Section 5.03 if the Authority shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section 5.03 is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds (excluding the Series 2016B Bonds), the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article VII hereof, the covenants hereunder shall be deemed to be modified to that extent.

**SECTION 5.04 Accounting Records and Reports.** The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee, at reasonable hours and under reasonable conditions. Not more than two hundred seventy (270) days after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate. The Trustee shall have no duty to review or examine such statement.

**SECTION 5.05 Prosecution and Defense of Suits.** The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit,

action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

**SECTION 5.06 Further Assurances.** Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

## **ARTICLE VI**

### **THE TRUSTEE**

**SECTION 6.01 The Trustee.** U.S. Bank National Association shall serve as the initial Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment in St. Paul, Minnesota, or such other place as designated by the Trustee with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in Los Angeles, California or San Francisco, California.

The Authority may at any time, unless there exists any event of default as defined in Section 8.01, and upon the written direction of the Bond Insurer shall, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be approved in writing by the Bond Insurer and shall be a banking corporation or trust company in good standing located in or incorporated under the laws of the State, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authority. If such banking corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and the Bond Insurer and by mailing by first class mail to the Holders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the

successor Trustee and the approval of such successor Trustee by the Bond Insurer. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority upon its request. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing or waiver of all events of default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured or waived), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

**SECTION 6.02      Liability of Trustee.** The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Holders

pursuant to the provisions of this Trust Agreement unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any event of default unless and until an officer at the Trustee's corporate trust office in San Francisco, California responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office in San Francisco, California. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Facility Lease or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or City of the Leased Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Facility Lease or this Trust Agreement for the existence, furnishing or use of the Leased Property.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the Authority), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein

specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 6.01 shall be the successor to such Trustee without execution or filing of any further act, anything herein to the contrary notwithstanding.

**SECTION 6.03 Compensation and Indemnification of Trustee.** The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 6.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

## **ARTICLE VII**

### **AMENDMENT OF THE TRUST AGREEMENT**

#### **SECTION 7.01 Amendment of the Trust Agreement.**

(a) The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Bond Insurer and of the Holders of a majority

in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the City without their prior written assent thereto, respectively.

(b) The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, and only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes:

(i) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary and not inconsistent herewith;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III (which shall be deemed not to adversely affect Holders); or

(iv) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Copies of any modification or amendment to the Trust Agreement shall be sent by the Authority to the Bond Insurer, S&P and Moody's prior to the effective date thereof or as soon as practical thereafter.

**SECTION 7.02 Disqualified Bonds.** Bonds owned or held by or for the account of the Authority or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this article, and shall not be entitled to consent to or take any other action provided in this article provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Authority or the City unless the Authority or the City is the registered Holder or the Trustee has received written notice that any other registered Holder is the owner or is holding for the account of the Authority or City.



**SECTION 7.03      Endorsement or Replacement of Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Holder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

**SECTION 7.04      Amendment by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT AND REMEDIES OF HOLDERS**

#### **SECTION 8.01      Events of Default and Acceleration of Maturities.**

(a) The following shall be “events of default” under this Trust Agreement:

(i) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(ii) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(iii) if default shall be made by the Authority in the performance of any of the agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(iv) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(v) if an Event of Default has occurred under Section 6.01 of the Facility Lease.

(b) If any one or more of the foregoing events of default shall have occurred, then and in each and every such case during the continuance of such event of default the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding (with the unanimous written consent of the Bond Insurer), or if at least fifty-one percent of the aggregate principal amount of the Bonds then Outstanding are secured by a Bond Insurance Policy, at the unanimous direction of the Bond Insurer, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Holders by first class mail of any such event of default which is continuing.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding (with the written consent of the Bond Insurer), or the Bond Insurer of at least fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Holders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**SECTION 8.02      Application of Funds Upon Acceleration.** All moneys in the accounts and funds provided in Sections 2.11, 4.02, 4.03 and 4.05 upon the date of the declaration of acceleration by the Trustee as provided in Section 8.01 and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default, and in the exercise of any remedies, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided herein including further, any outstanding sums owed under Section 6.03 and to the payment of the reasonable costs and expenses of the Holders, if any, in carrying out the provisions of this article, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for

interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

**SECTION 8.03 Institution of Legal Proceedings by Trustee.** Subject to Section 8.01 hereof, if one or more of the events of default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under this Trust Agreement and under Article VII of the Facility Lease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder; provided, that notwithstanding any other provision hereof, in determining whether the rights of the Holders of the Bonds will be adversely affected by any action taken pursuant to the terms and provisions hereof, the Trustee shall consider the effect on the Holders of the Bonds as if there were no Bond Insurance Policy.

**SECTION 8.04 Non-Waiver.** Nothing in this article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

**SECTION 8.05 Actions by Trustee as Attorney-in-Fact.** Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Holders,

whether or not the Trustee is a Holder, and the Trustee is hereby appointed (and the successive Holders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

**SECTION 8.06 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

**SECTION 8.07 Limitation on Holders' Right to Sue.** No Holder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 8.01 hereunder; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name and the Bond Insurer, if any, will have consented to such request; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Bonds.

## **ARTICLE IX**

### **DEFEASANCE**

#### **SECTION 9.01 Discharge of Bonds.**

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, and all amounts due and owing to the Trustee have been paid in full, then the Holders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the

Holders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03 or in the corresponding section of a Supplemental Trust Agreement, (2) there shall have been deposited with the Trustee either, or any combination of, (A) money in an amount which shall be sufficient or (B) Defeasance Obligations which are not subject to redemption prior to maturity (including any such Defeasance Obligations issued or held in book-entry form on the books of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant addressed to the Bond Insurer, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds, and (4) a legal opinion to the applicable Bond Insurer to the effect that such Bonds are deemed to have been paid within the meaning and with the effect expressed in Section 9.01(a).

(c) Notwithstanding anything contained herein to the contrary, in the event that the interest and/or principal due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid by the Authority, and the assignment and pledge of the Revenues and the other funds as provided herein and all agreements, covenants and other obligations of the Authority to the Holders of the Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders.

**SECTION 9.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall be repaid by the Trustee to

the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall not look to the Trustee for the payment of such Bonds.

## **ARTICLE X**

### **SERIES 2016 BOND INSURANCE POLICY**

#### **SECTION 10.01 Consents and Rights of the Series 2016 Bond Insurer.**

As long as the Series 2016 Bond Insurance Policy shall be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(a) Any provision hereof expressly recognizing or granting rights in or to the Series 2016 Bond Insurer may not be amended in any manner which affects the rights of the Series 2016 Bond Insurer hereunder without the prior written consent of the Series 2016 Bond Insurer, and the Series 2016 Bond Insurer reserves the right to charge the Authority a fee for any consent or amendment hereto.

(b) Any reorganization or liquidation plan with respect to the Authority or the City must be acceptable to the Series 2016 Bond Insurer, and in the event of any such reorganization or liquidation, the Series 2016 Bond Insurer shall have the right to vote on behalf of all Holders of the Bonds absent a default by the Series 2016 Bond Insurer under the Series 2016 Bond Insurance Policy.

(c) Anything contained herein to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Series 2016 Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Bonds or the Trustee for the benefit of the Holders of the Bonds hereunder, including, without limitation: (i) the right to accelerate the principal of the Bonds as described herein, and (ii) the right to annul any declaration of acceleration of the Bonds, and the Series 2016 Bond Insurer shall also be entitled to approve all waivers of Events of Default.

(d) Upon the occurrence of an Event of Default, the Trustee may, with the consent of the Series 2016 Bond Insurer, and shall, at the direction of the Series 2016 Bond Insurer or the Holders of a majority in principal amount of the Bonds then Outstanding with the consent of the Series 2016 Bond Insurer, by written notice to the Authority and the Series 2016 Bond Insurer, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything herein or in the Bonds to the contrary notwithstanding.

**SECTION 10.02 Information to be Provided to the Series 2016 Bond Insurer .** As long as the Series 2016 Bond Insurance Policy shall be in full force and effect, the Authority or the Trustee, as appropriate, agree to furnish to the Series 2016 Bond Insurer (to the attention of the Surveillance Department of the Series 2016 Bond Insurer, unless otherwise indicated), upon request, the following:

- (1) a copy of any financial statement, audit and/or annual report of the Authority and the City;
- (2) a copy of any notice to be given to the Holders of the Bonds, including, without limitation, notice of any redemption of or defeasance of the Bonds, and any certificate rendered pursuant hereto relating to the security for the Bonds; and
- (3) such additional information it may reasonably request in writing.

The Series 2016 Bond Insurer shall be included as a party to be notified (to the attention of the Surveillance Department of the Series 2016 Bond Insurer) under the Continuing Disclosure Agreement relating to the Bonds.

The Trustee shall notify the Series 2016 Bond Insurer (to the attention of the General Counsel's Office of the Series 2016 Bond Insurer) of any failure of the Authority to provide any notices or certificates required to be provided by the Authority to the Trustee pursuant hereto at the same time as it shall notify the Authority of such failure.

Notwithstanding any other provision hereof, the Trustee shall immediately notify the Series 2016 Bond Insurer (to the attention of the General Counsel's Office of the Series 2016 Bond Insurer) if at any time the Trustee has actual knowledge there are insufficient moneys to make any payments of interest and/or principal as required and immediately upon the occurrence of any Event of Default hereunder known to the Trustee.

The Authority and the City will permit the Series 2016 Bond Insurer to discuss the affairs, finances and accounts of the Authority and the City or any information the Series 2016 Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and the City. The Trustee or the Authority, as appropriate, will permit the Series 2016 Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

The Series 2016 Bond Insurer shall have the right to direct an accounting, at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Series 2016 Bond Insurer shall be deemed an Event of Default hereunder; provided, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Holder of the Bonds.

The Authority shall annually certify to the Series 2016 Bond Insurer that the insurance policies required by Article V of the Facility Lease are in full force and effect, and will provide the Series 2016 Bond Insurer with copies of such policies upon request.

**SECTION 10.03 Payment Procedure Pursuant to the Series 2016 Bond Insurance Policy.** As long as the Series 2016 Bond Insurance Policy shall be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(a) At least one (1) Business Day prior to each Interest Payment Date, the Trustee will determine whether there will be sufficient money in the accounts and funds established hereunder to pay the interest on or principal of the Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient money in such accounts and funds for such purpose, the Trustee shall so notify the Series 2016 Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to interest or principal, or both. If the Trustee has so notified the Series 2016 Bond Insurer at least one (1) Business Day prior to an Interest Payment Date, the Series 2016 Bond Insurer will make payments of interest or principal due on the Bonds on such Interest Payment Date, and if the Trustee has not so notified the Series 2016 Bond Insurer at least one (1) Business Day prior to an Interest Payment Date, the Series 2016 Bond Insurer will make payments of interest or principal due on the Bonds on or before the first (1st) Business Day next following the date on which the Series 2016 Bond Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Series 2016 Bond Insurer as provided in subsection (a) above, make available to the Series 2016 Bond Insurer, and at the Series 2016 Bond Insurer's direction, to [The Bank of New York, in New York, New, York], as insurance trustee for the Series 2016 Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee and all records relating to the accounts and funds maintained by the Trustee hereunder.

(c) After giving any notice to the Series 2016 Bond Insurer pursuant to subsection (a) above, the Trustee shall provide the Series 2016 Bond Insurer and the Insurance Trustee with a list of Holders of Bonds entitled to receive interest or principal payments from the Series 2016 Bond Insurer under the terms of the Series 2016 Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Holders of Bonds entitled to receive full or partial interest payments from the Series 2016 Bond Insurer and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the Holders of Bonds entitled to receive full or partial principal payments from the Series 2016 Bond Insurer.

(d) The Trustee shall, at the time it provides notice to the Series 2016 Bond Insurer pursuant to subsection (a) above, notify the Holders of Bonds entitled to receive the payment of interest or principal thereon from the Series 2016 Bond Insurer (i) as to the fact of such entitlement, (ii) that the Series 2016 Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Holder's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 2016 Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Series 2016 Bond Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Series 2016 Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee, who shall note on such Bonds the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.



(e) In the event that the Trustee has actual notice that any payment of interest on or principal of any Bond which has become due for payment and which is made to a Holder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from such Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Series 2016 Bond Insurer is notified in the manner set forth in subsection (a) above, notify all Holders of Bonds that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from the Series 2016 Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Series 2016 Bond Insurer its records evidencing the payments of interest on and principal of the Bonds which have been made by the Trustee and subsequently recovered from Holders and the dates on which such payments were made.

(f) In addition to those rights granted the Series 2016 Bond Insurer hereunder, the Series 2016 Bond Insurer shall, to the extent it makes payment of interest on or principal of the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2016 Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Series 2016 Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon receipt from the Series 2016 Bond Insurer of proof of the payment of interest thereon to the Holders of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Series 2016 Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon surrender of the Bonds by the Holders thereof together with proof of the payment of principal thereof.

## **ARTICLE XI**

### **MISCELLANEOUS**

#### **SECTION 11.01 Liability of Authority Limited to Revenues.**

Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein. The Bonds are not a debt of the Authority, the State of California or any of its political subdivisions, and neither the Authority, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the

Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

**SECTION 11.02 Benefits of the Trust Agreement Limited to Parties.**

Nothing contained herein, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any entity or person other than the Authority, the Trustee, the Bond Insurer and the Holders any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements required herein to be performed by or on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Bond Insurer and the Holders; and to the extent that the Indenture confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason hereof, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

**SECTION 11.03 Successor Is Deemed Included In All References To**

**Predecessor.** Whenever herein either the Authority or any member, officer or employee thereof or of the State of California is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the Leased Property that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**SECTION 11.04 Execution of Documents by Holders.**

Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor and may be executed by Holders in person or by their attorneys appointed in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the corporate trust office of the Trustee in San Francisco, California, or such other place as designated by the Trustee.

Any declaration, request, consent or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

**SECTION 11.05 Waiver of Personal Liability.**

No member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from

the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

**SECTION 11.06 Acquisition of Bonds by Authority.** All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

**SECTION 11.07 Destruction of Cancelled Bonds.** Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction.

**SECTION 11.08 Content of Certificates.** Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**SECTION 11.09 Accounts and Funds; Business Days.** Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained with industry practice and with due regard for the protection of the security of the Bonds and the rights of the Holders. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day without penalty or interest for such additional delay.

**SECTION 11.10 Notices.** All written notices to be given hereunder shall be given by mail to the party entitled thereto under this Trust Agreement, and to the Bond Insurer in

all cases, at the address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority:

Lincoln Public Financing Authority  
600 Sixth Street  
Lincoln, California 95648  
Attention: Executive Director

If to the Trustee:

U.S. Bank National Association  
1 California Street, Suite 2100  
San Francisco, California 94111  
Attention: Corporate Trust Dept.

If to the Series 2016 Bond Insurer:

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

**SECTION 11.11 Article and Section Headings and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**SECTION 11.12 Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**SECTION 11.13 Execution in Several Counterparts.** This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall

for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**SECTION 11.14 Amendments to Site Lease and Facility Lease.** The Authority shall not supplement, amend, modify or terminate any of the terms of the Site Lease or Facility Lease, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee. The Trustee shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security hereby given for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of providing for the payment of Additional Bonds as required by Section 3.01(e)), or (b) the Trustee first obtains the written consent of the Bond Insurer and the Holders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Base Rental Payments to be made to the Authority or the Trustee by the City pursuant to the Facility Lease, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Facility Lease (except as expressly provided in the Facility Lease), in each case without the written consent of the Bond Insurer and all of the Holders of the Bonds then Outstanding.

**SECTION 11.15 Concerning the Bond Insurers.** The Bond Insurer shall be deemed to be the Holder of all Bonds then Outstanding for purposes of this Indenture, including without limitation for purposes of granting any consents or approving amendments and exercising all remedies following the occurrence of an Event of Default. Notwithstanding any other provision of this Indenture, any provision of this Indenture requiring the consent of, the giving of notice to, or control of proceedings by the Bond Insurer shall be in effect for so long as, and only during such time as (1) the Bonds are Outstanding and (2) no default shall have occurred and be continuing by the Bond Insurer with respect to the payment provisions under the Bond Insurance Policy.

IN WITNESS WHEREOF, LINCOLN PUBLIC FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by one of its duly authorized officers and U.S. Bank National Association, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

LINCOLN PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
Executive Director

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**(FORM OF SERIES 2016 BOND)**

**LINCOLN PUBLIC FINANCING AUTHORITY  
LEASE REVENUE REFUNDING BOND,  
SERIES 2016[ ] [(FEDERALLY TAXABLE)]**

No. R-\_\_\_ \$\_\_\_\_\_

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF LINCOLN IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF LINCOLN.

Interest <u>Rate</u>	Maturity <u>Date</u>	Dated <u>Date</u>	<u>CUSIP</u>
	[August 1], 20__	[____], 2016	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: \$\_\_\_\_\_ DOLLARS

LINCOLN PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of registration of this Series 2016[ ] Bond (unless this Bond is registered as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Series 2016[ ] Bond is registered prior to [\_\_\_\_], 20[17], in which event it shall bear interest from the Dated Date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable semiannually on each [February] 1 and [August] 1, commencing [February] 1, 2017. Interest due on or before the maturity or prior redemption of this Series 2016[ ] Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of \$1,000,000 or more in aggregate principal amount of Series 2016[ ] Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other place as designated by the Trustee.

This Series 2016[ ] Bond is one of a duly authorized issue of bonds of the Authority designated as its "Lease Revenue Refunding Bonds, Series 2016[ ] [(Federally Taxable)] (the "Series 2016 Bonds") in aggregate principal amount of [PAR IN WORDS] dollars (\$[ ]), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of [November] 1, 2016 (the "Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee") (copies of which are on file at the corporate trust office of the Trustee in San Francisco, California). Capitalized terms used herein and not otherwise defined herein have the meanings ascribed thereto in the Trust Agreement.

The Bonds are issued to provide funds to refinance the cost of the Prior Projects. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from Base Rental Payments made by the City of Lincoln (the "City"), and all interest or other investment income, pursuant to the Facility Lease, dated as of [November] 1, 2016 (the "Facility Lease"), between the Authority and the City, and the Authority is not obligated to pay interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority and the City of Lincoln are not pledged for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority. Additional bonds payable from the Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to redemption by the Authority on the dates, at the prices, and pursuant to the terms and provisions set forth in the Trust Agreement.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned corporate trust office of the Trustee by the registered owner hereof in person or



by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, Lincoln Public Financing Authority has caused this Series 2016[ ] Bond to be executed in its name and on its behalf by the facsimile signature of the Chairperson of the Authority and countersigned by the facsimile signature of the Secretary of said Authority, and has caused this Series 2016[ ] Bond to be dated as of the Dated Date specified above.

LINCOLN PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Chairperson

Countersigned:

\_\_\_\_\_  
Secretary

[FORM OF STATEMENT OF INSURANCE]

Financial Guaranty Insurance Policy No. [ ] (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by [ ]. The Policy has been delivered to [The Bank of New York, in New York, New York], as the Insurance Trustee under such Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from [ ] or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of [ ] as more fully set forth in the Policy.

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Series 2016[ ] Bonds described in the within- mentioned Trust Agreement which has been authenticated on [ ], 2016.

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto (Taxpayer Identification Number: \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

**EXHIBIT B**

**FORM OF COSTS OF ISSUANCE FUND REQUISITION**

U.S. Bank National Association

Re: Cost of Issuance Fund ("Cost of Issuance Fund") held under held under the Trust Agreement relating to the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A and Series 2016B (Federally Taxable) (the "Trust Agreement")

You are hereby instructed to transfer moneys from the Cost of Issuance Fund as follows:

Payee Name: \_\_\_\_\_  
Payee Address: \_\_\_\_\_  
Payee Wiring Instructions: \_\_\_\_\_  
Not to Exceed Amount: \$ \_\_\_\_\_  
Purpose of Expenditure: \_\_\_\_\_

The undersigned as a duly authorized representative of the Lincoln Public Financing Authority (the "Authority") hereby certifies as follows:

- (i) that above payment complies with the requirements of the Trust Agreement; and
- (ii) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Costs of Issuance Fund.

Date: \_\_\_\_\_

LINCOLN PUBLIC  
FINANCING AUTHORITY

\_\_\_\_\_  
Authorized Officer

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10E

**ATTACHMENT No. 4 – Site Agreement**



1387

Recording requested by and return to:

CITY OF LINCOLN  
c/o Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, California 95814-4497

Attention: Brendan LaFountain

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This transaction is exempt from California documentary transfer tax pursuant to Section 11929 of the California Revenue and Taxation Code. This document is recorded for the benefit of the City of Lincoln and the recording is fee-exempt under Section 6103 of the California Government Code.

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**SITE LEASE**

between the

**CITY OF LINCOLN**

and

**LINCOLN PUBLIC FINANCING AUTHORITY**

Dated as of [November] 1, 2016

---

## **SITE LEASE**

This Site Lease, dated as of [November] 1, 2016, by and between the CITY OF LINCOLN, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the “City”), as lessor, and LINCOLN PUBLIC FINANCING AUTHORITY, a public entity and agency, duly organized and existing pursuant to an Agreement entitled “Joint Exercise of Powers Agreement” by and between the City of Lincoln and the Redevelopment Agency of the City of Lincoln, as succeeded by the Successor Agency to the Former Redevelopment Agency of the City of Lincoln (the “Authority”), as lessee;

### **WITNESSETH:**

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to issue bonds to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the City has determined that refunding the Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 and the Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006 and prepaying that certain Lease and Leaseback Agreement, dated as of July 8, 2008, between the City and CALease Public Funding Corporation (collectively, the “Prior Obligations”) is necessary and proper for the City and is in the City’s public interest;

WHEREAS, the City has determined that providing funds to the City for refunding or prepaying, as applicable, the Prior Obligations from the proceeds received from the Authority’s issuance of the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A and Series 2016B (Federally Taxable) (collectively, the “Series 2016 Bonds”) will result in demonstrable savings in lease financing costs to the City and will result in significant public benefits to the City;

WHEREAS, in order to achieve the foregoing, the City intends to lease the Leased Property (as hereinafter defined) to the Authority pursuant to this lease, and the Authority intends to lease back the Leased Property to the City by a sublease, entitled “Facility Lease” and dated as of the date hereof (the “Facility Lease”); and

WHEREAS, under the Facility Lease, the City will be obligated to make base rental payments to the Authority for the lease of the Leased Property, which base rental payments shall be applied to pay principal of and interest on the Series 2016 Bonds; and

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

## **SECTION 1. Leased Property.**

The City hereby leases to the Authority and the Authority hereby hires from the City, on the terms and conditions hereinafter set forth, the real property and improvements thereon situated in the City of Lincoln, County of Placer, State of California, and described in Exhibit A attached hereto and made a part hereof, together with any additional real property added thereto by any supplement or amendment hereto, or any real property substituted for all or any portion of the Leased Property in accordance with this lease and the Trust Agreement; subject, however, to any conditions, reservations, and easements of record or known to the City (herein collectively called the "Leased Property").

## **SECTION 2. Term.**

The term of this lease shall commence on the date of recordation of this lease in the office of the County Recorder of Placer County, State of California, or on [\_\_\_\_], 2016, whichever is earlier, and shall end on [August] 1, 20[\_\_\_], unless such term is extended or sooner terminated as hereinafter provided. If on [August] 1, 20[\_\_\_], the Series 2016 Bonds shall not be fully paid, or if the rental payable under the Facility Lease shall have been abated at any time and for any reason, then the term of this lease shall be extended until ten (10) days after the Series 2016 Bonds shall be fully paid, except that the term of this lease shall in no event be extended beyond [August] 1, 20[\_\_\_]. If prior to [August] 1, 20[\_\_\_], the Series 2016 Bonds shall be fully paid, the term of this lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

## **SECTION 3. Site Lease Rent.**

The Authority shall pay to the City as and for rental hereunder the proceeds of the Series 2016 Bonds, such proceeds to be deposited in the funds specified in the Trust Agreement and applied as specified in the Trust Agreement and the Facility Lease.

## **SECTION 4. Purpose.**

The Authority shall use the Leased Property solely for the purpose of leasing the Leased Property to the City pursuant to the Facility Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facility Lease the Authority may exercise the remedies provided in the Facility Lease.

## **SECTION 5. Warranties of the City.**

The City covenants and warrants to the Authority:

- (1) That the City has good and marketable title to the Leased Property, has good authority to enter into, to execute and to deliver this Site Lease and the Facility Lease, and has duly authorized the execution and delivery of this Site Lease and the Facility Lease;
- (2) That except for Permitted Encumbrances, the Leased Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction,

lien or encumbrance which would prohibit or materially interfere with the financing as contemplated by the Facility Lease;

(3) That all taxes, assessments, or impositions of any kind with respect to the Leased Property, except current taxes, have been paid in full;

(4) That the Leased Property is properly zoned for its intended purposes; and

(5) That if a problem with the title to the Leased Property or the use thereof should develop, the City shall exercise its condemnation power to the extent permitted by law to obtain the necessary rights in the Leased Property that will enable the parties hereto to perform the transactions contemplated by the Facility Lease and this Site Lease.

#### **SECTION 6. Warranties of the Authority.**

The Authority covenants and warrants to the City that the Authority has the power and authority to enter into and deliver the Facility Lease, the Site Lease and the Trust Agreement, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of this Site Lease, the Facility Lease and the Trust Agreement. The Authority will record this Site Lease to secure its interest hereunder.

#### **SECTION 7. Assignments and Subleases.**

Unless the City shall be in default under the Facility Lease, the Authority may not assign its rights under this lease or sublet the Leased Property (except pursuant to the Trust Agreement), without the written consent of the City.

#### **SECTION 8. Right of Entry; Easements.**

The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

#### **SECTION 9. Termination.**

The Authority agrees, upon the termination of this lease, to quit and surrender the Leased Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this lease shall remain thereon and title thereto shall vest in the City.

Upon the exercise of the option to purchase set forth in Section 7.03 of the Facility Lease and upon payment of the option price required by said section, the term of this lease shall terminate as to the portion of the Leased Property that is purchased.

**SECTION 10. Default.**

In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this lease and of the Facility Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or sublease of all or any part of the Leased Property then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facility Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Trustee shall continue to be paid to the Trustee.

**SECTION 11. Quiet Enjoyment.**

The Authority at all times during the term of this lease, subject to the provisions of Section 9 hereof, shall peaceably and quietly have, hold and enjoy all of the Leased Property.

**SECTION 12. Waiver of Personal Liability.**

All liabilities under this lease on the part of the Authority shall be solely liabilities of the Authority, as a public entity and agency, and the City hereby releases each and every member, director, officer, agent, or employee of the Authority of and from any personal or individual liability under this lease. No member, director, officer, agent, or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

**SECTION 13. Taxes.**

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Property (including both land and improvements).

**SECTION 14. Eminent Domain.**

In the event the whole or any part of the Leased Property or the improvements thereon is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid or outstanding Bonds attributable to such part of the Leased Property and shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the City.

**SECTION 15. Partial Invalidity.**

If any one or more of the terms, provisions, covenants or conditions of this lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this lease shall be affected thereby, and each provision of this lease shall be valid and enforceable to the fullest extent permitted by law.

**SECTION 16. Notices.**

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the Authority, addressed to the Authority to the Executive Director of the Authority, in care of the City Manager's Office, 600 Sixth Street, Lincoln, CA 95648, or if to the City, addressed to the City Manager of the City of Lincoln, 600 Sixth Street, Lincoln, CA 95648, in either case with a copy to the Trustee, or to such other addresses as the respective parties may from time to time designate by notice in writing.

**SECTION 17. Section Headings.**

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

**SECTION 18. Execution.**

This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

IN WITNESS WHEREOF, the City and the Authority have caused this lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF LINCOLN, Lessor

By \_\_\_\_\_  
Matthew Brower  
City Manager

LINCOLN PUBLIC FINANCING AUTHORITY,  
Lessee

By \_\_\_\_\_  
Matthew Brower  
Executive Director



## **EXHIBIT A**

The land referred to herein is situated in the State of California, County of Placer, City of Lincoln and is described as attached.

[TO COME].

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10E

**ATTACHMENT No. 5 – Facility Lease**



1397

Recording requested by  
and return to:

CITY OF LINCOLN  
c/o Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, California 95814-4497

Attention: Brendan LaFountain

---

This transaction is exempt from California documentary transfer tax pursuant to Section 11929 of the California Revenue and Taxation Code. This document is recorded for the benefit of the City of Lincoln and the recording is fee-exempt under Section 6103 of the California Government Code.

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FACILITY LEASE

between

LINCOLN PUBLIC FINANCING AUTHORITY

and the

CITY OF LINCOLN

Dated as of [November] 1, 2016

---

## **FACILITY LEASE**

This Facility Lease, dated as of [November] 1, 2016, between LINCOLN PUBLIC FINANCING AUTHORITY (the “Authority”), a joint exercise of powers authority organized and existing pursuant to the laws of the State of California, as lessor, and the CITY OF LINCOLN (the “City”), a municipal corporation duly organized and validly existing under the Constitution and laws of the State of California, as lessee;

### **W I T N E S S E T H:**

WHEREAS, the Authority intends to assist the City in refinancing the Prior Projects by issuing its Lease Revenue Refunding Bonds, Series 2016A and Series 2016B (Federally Taxable) (collectively, the “Series 2016 Bonds”);

WHEREAS, the Authority and the City desire to lease the Leased Property pursuant to the terms of the Site Lease, dated as of [November] 1, 2016, and to lease back the Leased Property pursuant to the terms of this Lease;

WHEREAS, under this Lease, the City will be obligated to make base rental payments to the Authority for the lease of the Leased Property;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

## **ARTICLE I**

### **DEFINITIONS**

#### **SECTION 1.01. Definitions.**

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

#### **Additional Payments**

The term “Additional Payments” means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to Section 3.02 hereof.

#### **Authority**

The term “Authority” means (i) Lincoln Public Financing Authority, acting as lessor hereunder; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Authority.

**Base Rental Payments**

The term “Base Rental Payments” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

**Base Rental Payment Schedule**

The term “Base Rental Payment Schedule” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

**Bond Insurer**

The term “Bond Insurer” means any insurance company or companies which has or have issued any Bond Insurance Policy (as such term is defined in the Trust Agreement) insuring payment of the amounts of principal of and interest on the Bonds or any series or portion thereof, and, as to the Series 2016 Bonds, shall mean the Series 2016 Bond Insurer or any successor thereto.

**Bonds**

The term “Bonds” means the bonds issued by the Authority under and pursuant to the Trust Agreement.

**City**

The term “City” means the City of Lincoln, California, a municipal corporation duly organized and existing under the Constitution and laws of the State of California.

**Closing Date**

The term “Closing Date” means [\_\_\_\_], 2016.

**Code**

The term “Code” means the Internal Revenue Code of 1986.

**Continuing Disclosure Agreement**

The term “Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of the City, dated the date of issuance and delivery of Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**Event of Default**

The term “Event of Default” shall have the meaning specified in Section 6.01 hereof.

## **Fitch**

The term “Fitch” means Fitch Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then “Fitch” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City.

## **Hangar Lease and Leaseback Agreement**

The term “Hangar Lease and Leaseback Agreement” means that certain Lease and Leaseback Agreement, dated as of July 8, 2008, between the City, as lessee, and CALease Public Fund Corporation, as lessor.

## **Hangar Project**

The term “Hangar Project” means the acquisition, construction, furnishing and equipping of certain improvements at the Lincoln Regional Airport, as more particularly described in Exhibit B of the Hangar Lease and Leaseback Agreement.

## **Hangar Rental Payments**

The term “Hangar Rental Payments” means those certain rental payments required to be made by the City pursuant to the Hangar Lease and Leaseback Agreement.

## **Insurance Consultant**

The term “Insurance Consultant” means a third party who is in fact independent from the City and the Authority with recognized expertise in the field of commercial or governmental insurance or self-insurance, as appropriate, and who may be the City’s or the Authority’s insurance broker or the administrator of any self-insurance program in which the City or the Authority participates.

## **Lease**

The term “Lease” means this lease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

## **Leased Property**

The term “Leased Property” means that certain real property and improvements thereon situated in the City of Lincoln, State of California, described in Exhibit A attached hereto and made a part hereof, together with any additional real property added thereto by any supplement or amendment hereto, or any real property substituted for all or any portion of the Leased Property in accordance with this Lease and the Trust Agreement; subject, however, to any conditions, reservations, and easements of record or known to the City.

**Moody's**

The term "Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

**Outstanding**

The term "Outstanding," when applied to Bonds, shall have the meaning ascribed to such term in the Trust Agreement.

**Permitted Encumbrances**

The term "Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to this Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of this Lease in the office of the County Recorder of Placer County and which the City certifies in writing will not materially impair the use of the Leased Property; (3) the Site Lease, as it may be amended from time to time; (4) this Lease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and (8) liens relating to special assessments levied with respect to the Leased Property.

**Permitted Investments**

The term "Permitted Investments" shall have the meaning ascribed to such term in the Trust Agreement.

**Prior Obligations**

The term "Prior Obligations" means, collectively, the Series 2003 Bonds, the Series 2006 Bonds and the Hangar Rental Payments.

**Prior Projects**

The term "Prior Projects" means, collectively, the Series 2003 Project, the Series 2006 Project and the Hangar Project.



## **Reserve Fund**

The term “Reserve Fund” means the Reserve Fund established pursuant to Section 4.03 of the Trust Agreement.

## **Reserve Fund Requirement**

The term “Reserve Fund Requirement” means, as of any date of determination by the City, the least of (i) ten percent (10%) of the initial offering price of the Series 2016 Bonds to the public, (ii) 125% of the average annual Debt Service (as that term is defined in the Trust Agreement) on all Outstanding Bonds or (iii) maximum annual Debt Service on all Outstanding Bonds.

## **Revenue Fund**

The term “Revenue Fund” means the Revenue Fund established pursuant to Section 4.02 of the Trust Agreement.

## **Series 2003 Bonds**

The terms “Series 2003 Bonds” means the Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003, issued pursuant to the Series 2003 Trust Agreement (as that term is defined in the Trust Agreement).

## **Series 2003 Project**

The term “Series 2003 Project” means financing the acquisition of certain real property, as more particularly described in Exhibit A of the Series 2003 Site Lease (as that term is defined in the Trust Agreement), together with all site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities.

## **Series 2006 Bonds**

The term “Series 2006 Bonds” means Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006, issued pursuant to the Series 2006 Trust Agreement (as that term is defined in the Trust Agreement).

## **Series 2006 Project**

The term “Series 2006 Project” means assisting in financing the acquisition of certain real property and the construction of a city hall facility thereon, as more particularly described in Exhibit A of the Series 2006 Site Lease (as that term is defined in the Trust Agreement), together with site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities.

**Series 2016 Bond Insurer**

The term “Series 2016 Bond Insurer” means [\_\_\_\_\_], or any successor thereto.

**Series 2016 Bonds**

The term “Series 2016 Bonds” means, collectively, the Series 2016A Bonds and the Series 2016B Bonds, the proceeds of which are for the refinancing of the Prior Projects.

**Series 2016A Bonds**

The term “Series 2016A Bonds” means the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A issued and so designated by the Authority pursuant to the Trust Agreement.

**Series 2016B Bonds**

The term “Series 2016B Bonds” means the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) issued and so designated by the Authority pursuant to the Trust Agreement.

**Site Lease**

The term “Site Lease” means that lease, entitled “Site Lease,” dated as of [November] 1, 2016, between the City, as lessor, and the Authority, as lessee, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

**Standard & Poor’s**

The term “Standard & Poor’s” means S&P Global, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Standard & Poor’s Corporation shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

**State**

The term “State” means the State of California.

**Supplemental Trust Agreement**

The term “Supplemental Trust Agreement” means any supplement or amendment to the Trust Agreement hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Trust Agreement.

## **Tax Certificate**

The term “Tax Certificate” shall have the meaning ascribed to such term in the Trust Agreement.

## **Trust Agreement**

The term “Trust Agreement” means the trust agreement, entitled “Trust Agreement,” dated as of [November] 1, 2016, between the Authority and the Trustee, pursuant to which the Trustee will deliver the Series 2016 Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

## **Trustee**

The term “Trustee” means U.S. Bank National Association, appointed as trustee pursuant to the Trust Agreement, and any successor appointed under the Trust Agreement.

## **Written Request of the Authority**

The term “Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its Chair, Vice-Chair, Secretary, Treasurer/Controller or Executive Director or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority to sign or execute such a document on its behalf.

## **Written Request of the City**

The term “Written Request of the City” means an instrument in writing signed by the Mayor of the City, the City Manager of the City or any such officer’s duly authorized designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

# **ARTICLE II**

## **LEASE OF LEASED PROPERTY; TERM; SUBSTITUTION**

**SECTION 2.01. Lease of Leased Property.** The Authority hereby leases to the City and the City hereby leases from the Authority the Leased Property, subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of this Lease. The City hereby agrees and covenants during the term of this Lease that, except as hereinafter provided, it will use the Leased Property for public and City purposes so as to afford the public the benefits contemplated by this Lease.

The leasing by the City to the Authority of the Leased Property shall not effect or result in a merger of the City’s leasehold estate pursuant to this Lease and its fee

estate as lessor under the Site Lease, and the Authority shall continue to have and hold a leasehold estate in said Leased Property pursuant to the Site Lease throughout the term thereof and the term of this Lease. As to said Leased Property this Lease shall be deemed and constitute a sublease.

**SECTION 2.02. Term; Occupancy.** The term of this Lease shall commence on the date of recordation of this Lease in the office of the County Recorder of Placer County, State of California, or on the Closing Date, whichever is earlier, and shall end on [August] 1, 20[36], unless such term is extended or sooner terminated as hereinafter provided. If on [August] 1, 20[36], the Bonds shall not be fully paid, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Lease shall be extended until ten (10) days after all Bonds shall be fully paid, except that the term of this Lease shall in no event be extended beyond [August] 1, 20[46]. If prior to [August] 1, 20[36] all Bonds shall be fully paid, or provision therefor made, the term of this Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority, whichever is earlier.

The City agrees that it will take possession of and occupy the Leased Property at the commencement of the term of this Lease.

**SECTION 2.03. Substitution.**

(a) The City and the Authority may, with the written consent of the Bond Insurer, substitute real property as part of the Leased Property for purposes of the Site Lease and the Facility Lease, but only after the City shall have filed with the Authority, the Bond Insurer and the Trustee all of the following:

(i) Executed copies of the Site Lease and the Facility Lease or amendments thereto containing the amended description of the Leased Property, including the legal description of the Leased Property as modified if necessary.

(ii) A Certificate of the City with copies of the Site Lease and the Facility Lease, if needed, or amendments thereto containing the amended description of the Leased Property stating that such documents have been duly recorded in the official records of the County Recorder of Placer County.

(iii) A Certificate of the City, accompanied by a written appraisal, from a qualified appraiser, who may but need not be an employee of the City, evidencing that the annual fair rental value of the Leased Property which will constitute the Leased Property after such substitution will be at least equal to 100% of the maximum annual amount of Base Rental Payments becoming due for the remaining term of the Facility Lease.

(iv) A CLTA leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Leased Property after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Leased Property prior to such substitution; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the

leasehold estate of the Authority in such substituted property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the City under the Facility Lease, as evidenced by a Certificate of the City.

(v) A Certificate of the City stating (i) that the City has beneficial use and occupancy of the Leased Property, (ii) that the essentiality to the City of the Leased Property after such substitution is comparable to its essentiality before the substitution, (iii) the remaining useful life of the Leased Property, and (iv) the remaining term of the Bonds.

(vi) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by laws of the State and this Lease; (ii) complies with the terms of this Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City in accordance with its terms; and (iv) will not cause the interest on the Bonds (excluding the Series 2016B Bonds) to be included in gross income for federal income tax purposes.

(b) The Authority will provide written notification of any substitution to Fitch, Standard & Poor's and Moody's.

### **ARTICLE III**

#### **BASE RENTAL PAYMENTS; USE OF PROCEEDS**

**SECTION 3.01. Base Rental Payments.** The City agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Leased Property (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Lease) semi-annual rental payments, all in accordance with the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. Although payable in unequal semi-annual installments as set forth in Exhibit B, Base Rental Payments shall be calculated on an annual basis, for the twelve-month period commencing on [August] 1 and ending on [July] 31, except that the first Base Rental Payment period shall commence on the Closing Date and end on [July] 31, 20[\_\_\_]. Each Base Rental Payment will be payable on the fifteenth (15th) day preceding its Due Date (as defined in Exhibit B attached hereto). Each annual amount of Base Rental shall be for the use of the Leased Property during each such Base Rental Payment period.

If the term of this Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payment installments shall continue to be due and payable on the fifteenth (15th) day preceding [February] 1 and [August] 1 in each year, as hereinabove described, continuing to and including the date of termination of this Lease, in an amount equal to the amount of Base Rental payable for the twelve-month period ending [July] 31, 20[\_\_\_], and payable fifteen days prior to [August] 1, 20[\_\_\_].

**SECTION 3.02. Additional Payments.** The City shall also pay such amounts (herein called the "Additional Payments") as shall be required by the Authority for the payment of all costs and expenses incurred by the Authority in

connection with the execution, performance or enforcement of this Lease or any assignment hereof, the Trust Agreement, the Site Lease, its interest in the Leased Property and the lease of the Leased Property to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Leased Property, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement or hereof; but not including any Additional Payments amounts required to pay the principal of and interest on the Bonds.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City within thirty (30) days after receipt of the bill by the City. The City reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority may in the future issue bonds and has entered into and may in the future enter into leases to finance facilities other than the Leased Property. The administrative costs of the Authority shall be allocated among said facilities and the Leased Property, as hereinafter in this paragraph provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Leased Property shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Leased Property, shall not be included in the administrative costs of the Leased Property and shall not be paid from the Additional Payments payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Leased Property, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, in making any determination that costs are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Leased Property.

**SECTION 3.03. Fair Rental Value.** Such payments of Base Rental Payments for each rental period during the term of this Lease shall constitute the total rental for said rental period and shall be paid by the City in each rental payment period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Leased Property during each such period for which said rental is to be

paid. The parties hereto have agreed and determined that such total rental payable for each twelve-month period beginning [August] 1 represents no more than the fair rental value of the Leased Property for each such period. In making such determination, consideration has been given to the fair market value of the Leased Property, other obligations of the parties under this Lease, the uses and purposes which may be served by the Leased Property, the expected revenues to be generated by the Leased Property, and the benefits therefrom which will accrue to the City and the general public.

**SECTION 3.04. Payment Provisions.** Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other place as the Trustee shall designate. Any such installment of rental accruing hereunder which shall not be paid when due and payable under the terms of this Lease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be permitted by law, from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Authority and the City, the City shall make all rental payments when due without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent rental payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

Rental is subject to abatement as provided in Section 3.06 hereof.

Nothing contained in this Lease shall prevent the City from making from time to time contributions or advances to the Authority for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Leased Property in the event of damage to or the destruction of the Leased Property.

**SECTION 3.05. Appropriations Covenant; Base Rental Payments and Additional Payments to Constitute a Current Expense of the City; No Pledge.** The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments hereunder no later than [September 30] of each year. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or on deposit in the Reserve Fund or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for use of the Leased Property. This Lease shall not create an immediate indebtedness for any aggregate payments which may become due hereunder in the event that the term of the Lease is continued. The City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due hereunder.

**SECTION 3.06. Rental Abatement.** The Base Rental Payments shall be abated proportionately, during any period in which by reason of any damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Leased Property by the City, in the proportion in which the initial cost of that portion of the Leased Property rendered unusable bears to the initial cost of the whole of the Leased Property. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease shall continue in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage or destruction.

**SECTION 3.07. Use of Proceeds.** The parties hereto agree that the proceeds of the Bonds will be used to refinance the costs of the Prior Projects and prepay or redeem, as applicable, the Prior Obligations.

**SECTION 3.08. Reserve Fund.** The City agrees that, if ever the Reserve Fund is drawn upon below the Reserve Fund Requirement, the first Base Rental Payments made thereafter shall be used to restore the Reserve Fund to an amount equal to the Reserve Fund Requirement; provided, that after the Series 2016 Bonds are no longer Outstanding (as that term is defined in the Trust Agreement) under the Trust Agreement, any balance of money remaining in the Reserve Fund shall be transferred to such other fund or account of the City or shall be otherwise used by the City for any lawful purposes as the City may direct.

## **ARTICLE IV**

### **MAINTENANCE; ALTERATIONS AND ADDITIONS**

**SECTION 4.01. [Reserved].**

**SECTION 4.02. Maintenance and Utilities.** During such time as the City is in possession of the Leased Property, all maintenance and repair, both ordinary



and extraordinary, of the Leased Property shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Leased Property in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Leased Property. In exchange for the rental herein provided, the Authority agrees to provide only the Leased Property.

**SECTION 4.03. Changes to the Leased Property.** The City shall, at its own expense, have the right to remodel the Leased Property or to make additions, modifications and improvements to the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

**SECTION 4.04. Installation of City's Equipment.** The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

## **ARTICLE V**

### **INSURANCE**

**SECTION 5.01. Fire and Extended Coverage Insurance.** Upon delivery of the Leased Property to it for occupancy, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease, insurance against loss or damage to any structures or personal property constituting any part of the Leased Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance, and sprinkler system leakage insurance and boiler explosion insurance. Said extended coverage insurance shall, to the extent practicably available, cover loss or damage by explosion, windstorm, riot, aircraft,

vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the lesser of (i) the replacement cost (without deduction for depreciation, except that such insurance may be subject to deductible clauses for any one loss of not to exceed fifty thousand dollars (\$50,000)) of all structures constituting any part of the Leased Property, excluding the cost of excavations, of grading and filling, and of the land, and (ii) the amount necessary, in the event of total or partial loss, to enable all the remaining Base Rental Payments to be paid.

As an alternative to providing the insurance required by the first paragraph of this Section, the City, with the written consent of the Authority, may provide a self-insurance method or plan of protection, but only if (i) the City obtains and provides to the Authority and the Bond Insurer a certificate of an Insurance Consultant to the effect that such insurance method and plan (and the amount contained in the related self-insurance fund) is actuarially sufficient to provide coverages in the scope and amounts contemplated by the first paragraph of this Section; (ii) the utilization of such self-insurance method or plan will not preclude the obtaining of the rental interruption insurance required by Section 5.03 or cause the cancellation of any such insurance; and (iii) the self-insurance fund is held in a separate trust fund by an independent trustee. In the event such a certificate is so obtained and delivered, the self-insurance method or plan described therein may be implemented, but only for a period of twelve months from the date of any such certificate of an Insurance Consultant, and thereafter for each additional twelve-month period which is immediately preceded by delivery to the Authority and the Bond Insurer of a new certificate of an Insurance Consultant. Amounts available for payment from any such self-insurance method or plan shall be deemed insurance proceeds for purposes of this Facility Lease.

In the event of any damage to or destruction of any part of the Leased Property caused by the perils covered by such insurance, except as hereinafter provided, the proceeds of such insurance shall be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property, and the Authority shall hold said proceeds separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. Said repair, reconstruction or replacement shall be completed within a period of two years following said damage or destruction. The Authority shall permit withdrawals of said proceeds from time to time upon receiving the Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Authority as Base Rental Payments and applied in the manner provided by Section 4.02 of the Trust Agreement. Alternatively, the City, at its option and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay all remaining Base Rental Payments, may elect, within sixty (60) days of receipt of such proceeds, not to repair, reconstruct or replace the damaged or destroyed portion

of the Leased Property and thereupon shall cause said proceeds to be used for the prepayment of its obligations under this Facility Lease.

The Authority and the City shall promptly apply for federal disaster aid or State disaster aid in the event that the Leased Property is damaged or destroyed as a result of an earthquake or other disaster occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Leased Property, or to redeem Outstanding Bonds if such use of such disaster aid is permitted.

**SECTION 5.02. Liability Insurance.** Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease a standard comprehensive general liability (including automobile liability) insurance policy or policies in protection of the Authority and its directors, officers, agents and employees, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Leased Property, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or death of two or more persons in each accident or event, and in a minimum amount of \$200,000 (subject to a deductible clause of not to exceed \$50,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing the insurance required by the first paragraph of this Section, the City, with the written consent of the Authority, may provide a self-insurance method or plan of protection, but only if (i) the City obtains and provides to the Authority and the Bond Insurer a certificate of an Insurance Consultant to the effect that such insurance method and plan (and the amount contained in the related self-insurance fund) is actuarially sufficient to provide coverages in the scope and amounts contemplated by the first paragraph of this Section, and (ii) the self-insurance fund is held in a separate trust fund by an independent trustee. In the event such a certificate is so obtained and delivered, the self-insurance method or plan described therein may be continued, but only for a period of one year after the date of any certificate of an Insurance Consultant, and thereafter for annual periods so long as there is a new certificate of Insurance Consultant obtained and delivered to the Authority and the Bond Insurer at annual intervals.

**SECTION 5.03. Rental Interruption or Use and Occupancy Insurance.** Upon delivery of the Leased Property to it for occupancy, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facility Lease rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Property as the result of any of the hazards covered by the insurance required by Section 5.01 hereof, in an amount sufficient to pay the total rent hereunder for a two-year period in which such

rental shall be a maximum, except that such insurance may be subject to a deductible clause not to exceed fifty thousand dollars (\$50,000).

**SECTION 5.04. Worker's Compensation.** The City shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

**SECTION 5.05. Title Insurance.** The City shall obtain upon the execution and delivery of this Facility Lease title insurance on the Leased Property, in an amount not less than the initial principal amount of the Series 2016 Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance shall be delivered to the Trustee as a prepayment of rent pursuant to Section 7.02 hereof and shall be applied by the Trustee to the redemption of Bonds pursuant to Section 2.03 of the Trust Agreement.

**SECTION 5.06. Insurance Proceeds; Form of Policies.** All policies of insurance required by Sections 5.01, 5.03 and 5.05 hereof shall provide that all proceeds thereunder shall be payable to the Authority pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Authority shall collect and receive all moneys which may become due and payable under any such policies, may, if directed to do so by the City, compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in Sections 5.01, 5.03 and 5.05. All policies of insurance required by this Facility Lease shall provide that the Authority shall be given thirty (30) days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Authority shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any compromise or settlement of any loss as directed by the City. The City shall pay when due the premiums for all insurance policies required by this Facility Lease, and shall promptly furnish evidence of such payments to the Authority.

The City will deliver to the Authority, the Bond Insurer and the Trustee on [August] 1 in each year (commencing [August] 1, 20[17]) a written certificate of an officer of the City stating that such policies satisfy the requirements of this Facility Lease, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an Insurance Consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.02 and 5.04 hereof. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. If so requested in writing by the Trustee, the City shall also

deliver to the Trustee, certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

## **ARTICLE VI**

### **DEFAULTS AND REMEDIES**

#### **SECTION 6.01. Defaults and Remedies.**

(a) If the City shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority, or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, but not to exceed 60 days without the consent of the Bond Insurer, or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an "Event of Default"), the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following, subject to the direction of the Bond Insurer insuring at least fifty-one percent (51%) of the principal amount of the Bonds then Outstanding:

(1) To terminate this Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Leased Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place located within the City of Lincoln, California. In the event of such termination, the City agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Leased Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease.

(2) Without terminating this Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Leased Property, or (ii) to exercise any and all rights of re-entry upon the Leased Property. In the event the Authority does not elect to terminate this Lease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Leased Property is not re-let, to pay the full amount of the rent to the end of the term of this Lease or, in the event that the Leased Property is re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Leased Property. Should the Authority elect to enter or re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place located in the City of Lincoln, California, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-let the Leased Property and to do all other acts to maintain or preserve the Leased Property as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further waives the right to any rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Leased Property or any part thereof.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Leased Property.

(b) If (1) the City's interest in this Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Leased Property, then the City shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Authority, shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Lease or by law. The provisions of this Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its board, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term “re-let” or “re-letting” as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Property. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease, the City agrees to pay a reasonable amount as and for attorney’s fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

**SECTION 6.02. Waiver.** Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may develop between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease.

## **ARTICLE VII**

### **EMINENT DOMAIN; PREPAYMENT**

**SECTION 7.01. Eminent Domain.** If the whole of the Leased Property or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of this Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Leased Property shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then this Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02 hereof. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City.



## **SECTION 7.02. Prepayment.**

(a) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 5.01 and 7.01 hereof, and from proceeds of title insurance obtained in connection with the Leased Property (provided, however, that in the event of partial damage to or destruction of the Leased Property caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property, pursuant to the procedure set forth in Section 5.01 for proceeds of insurance), all or any part (in an integral multiple of \$5,000) of Base Rental Payments then unpaid so that the aggregate annual debt service on the Bonds which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual debt service on the Bonds unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the Bonds to the date of redemption.

(b) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Article IX of the Trust Agreement sufficient to make such Base Rental Payments when due; provided that the City furnishes the Trustee with an opinion of counsel that such deposit will not cause interest on the Bonds (excluding the Series 2016B Bonds) to be includable in gross income for federal income tax purposes. The City agrees that if following such prepayment the Leased Property is damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to this article, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than sixty (60) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the Due Dates of the Base Rental Payments or date when the City may exercise its option to purchase the Leased Property or any portion or item thereof, in trust for the benefit of the Holders of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Permitted Investments satisfying the requirements of Section 9.01(b) of the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Leased Property, as the case may be; and (2) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid; then and in that event the right, title and interest of the Authority herein and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the

obligation of the City to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Leased Property or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority and evidence such discharge and satisfaction, and the Authority shall pay over to the City as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

**SECTION 7.03. Option to Purchase; Sale of Personal Property.**

The City shall have the option to purchase the Authority's interest in any part of the Leased Property upon payment of an option price consisting of moneys or securities satisfying the requirements of Section 9.01(b) of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Lease of the part of the total rent hereunder attributable to such part of the Leased Property (determined by reference to the proportion which the refinancing of the acquisition, design and construction cost of such part of the Leased Property bears to the refinancing of the acquisition, design and construction cost of all of the Leased Property). Any such payment shall be made to the Trustee and shall be treated as rental payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee, (a) the Base Rental Payments thereafter payable under this Lease shall be reduced by the amount thereof attributable to such part of the Leased Property and theretofore paid pursuant to this Section, (b) Section 3.06 and this Section of this Lease shall not thereafter be applicable to such part of the Leased Property, (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Lease need not be maintained as to such part of the Leased Property, and (d) title to such part of the Leased Property and of the portion of the Leased Property upon which such part of the Leased Property is located shall vest in the City and the term of this Lease shall end as to the portion of the Leased Property upon which such part of the Leased Property is located.

The City, in its discretion, may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Leased Property, and to release said personal property from this Lease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Leased Property, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$50,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority)

certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Leased Property. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of this Lease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Leased Property leased hereunder. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

## **ARTICLE VIII**

### **COVENANTS**

**SECTION 8.01. Right of Entry.** The Authority and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the City's rights or obligations under this Lease, and (c) for all other lawful purposes.

**SECTION 8.02. Liens.** In the event the City shall at any time during the term of this Lease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Leased Property and shall keep the Leased Property free of any and all mechanics' or materialmen's liens or other liens against the Leased Property or the Authority's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

**SECTION 8.03. Quiet Enjoyment.** The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

**SECTION 8.04. Authority Not Liable.** The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Leased Property. The City, to the extent permitted by law, shall indemnify and hold the Authority, the Trustee and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Leased Property, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Leased Property regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

**SECTION 8.05. Assignment and Subleasing.** Neither this Lease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority; provided that the Bond Insurer shall have also received an opinion of nationally-recognized bond counsel to the effect that such subletting shall not affect the tax-exempt status of the Bonds. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required hereunder.

**SECTION 8.06. Title to Leased Property.** During the term of this Lease, the Authority shall hold leasehold title to the Leased Property and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Leased Property, and except for any items added to the Leased Property by the City pursuant to Section 4.04 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof. During the term of this Lease, the Authority shall have a leasehold interest in the Leased Property pursuant to the Site Lease.

Upon the termination or expiration of this Lease (other than as provided in Sections 6.01 and 7.01 of this Lease), title to the Leased Property shall vest in the City pursuant to the Site Lease. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

**SECTION 8.07. Tax Covenants.** The City and the Authority will not make any use of the proceeds of the Bonds (excluding the Series 2016B Bonds) or any other funds of the City or the Authority which will cause such obligations to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The City and the Authority will not make any use of the proceeds of the Bonds (excluding the Series 2016B Bonds) or any other funds of the City or the Authority which will cause such obligations to be “federally guaranteed” and subject to inclusion in gross income for federal income tax purposes by reason of Section 149(b) of the Code. To that end, so long as any rental payments are unpaid, the City and the Authority, with respect to such proceeds and such other funds, will comply with all requirements of such

Sections 148 and 149(b) and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The City further covenants that it will not use or permit the use of the Leased Property by any person not an “exempt person” within the meaning of Section 141(a) of the Code or by an “exempt person” (including the City) in an “unrelated trade or business”, in such manner or to such extent as would result in the inclusion of interest on the Bonds (excluding the Series 2016B Bonds) in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or the City or the Authority under this Lease or the Trust Agreement, the City shall so instruct the Trustee or the appropriate officials of the City in writing, and the Trustee or the appropriate officials of the City, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the City set forth above, the City will comply with the Tax Certificate and will cause the Trustee to comply with the Tax Certificate. The Trustee and the Authority may conclusively rely on any such written instructions, and the City hereby agrees to hold harmless the Trustee and the Authority for any loss, claim, damage, liability or expense incurred by the Authority for any actions taken by the Authority in accordance with such instructions.

The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds (excluding the Series 2016B Bonds) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

**SECTION 8.08. Purpose of Lease.** The City covenants that during the term of this Lease, except as hereinafter provided, (a) it will use, or cause the use of, the Leased Property for public purposes and for the purposes for which the Leased Property is customarily used, (b) it will not vacate or abandon the Leased Property or any part thereof, and (c) it will not make any use of the Leased Property which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

**SECTION 8.09. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Lease, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default; however, the Trustee at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds shall, but only upon payment of its fees and expenses, including counsel fees and receipt of indemnification satisfactory to it, or any Holder or Beneficial Owner may take such actions as may be

necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section 8.09. For purposes of this Section, “Beneficial Owner” means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

## **ARTICLE IX**

### **DISCLAIMER OF WARRANTIES; VENDOR’S WARRANTIES; USE OF THE LEASED PROPERTY**

**SECTION 9.01. Disclaimer of Warranties.** THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority and Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or the City’s use of any item or products or services provided for in this Lease.

**SECTION 9.02. Vendor’s Warranties.** The Authority hereby irrevocably appoints the City its agent and attorney-in-fact during the term of this Lease, so long as the City shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Leased Property, which the Authority may have against the manufacturers, vendors and contractors of the Leased Property. The City’s sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Leased Property, and not against the Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority with respect to this Lease, including the right to receive full and timely payments hereunder. The City expressly acknowledges that the Authority makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

**SECTION 9.03. Use of the Leased Property.** The City will not install, use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Leased Property. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Leased Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; provided, however, that the City may contest in

good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to the Leased Property or its interest or rights under this Lease.

## **ARTICLE X**

### **MISCELLANEOUS**

**SECTION 10.01. Law Governing.** This Lease shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

**SECTION 10.02. Notices.** All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid:

If to the City:

City of Lincoln  
600 Sixth Street  
Lincoln, CA 95648  
Attention: City Manager

If to the Authority:

Lincoln Public Financing Authority  
600 Sixth Street  
Lincoln, CA 95648  
Attention: Executive Director

If to the Trustee:

U.S. Bank National Association  
1 California Street, Suite 2100  
San Francisco, California  
Attention: Corporate Trust Dept.

If to the Series 2016 Bond Insurer:

[\_\_\_\_\_]
[\_\_\_\_\_]
[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

**SECTION 10.03. Validity and Severability.** If for any reason this Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Lease is and shall be deemed to be a lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Leased Property, and all of the rental and other terms, provisions and conditions of this Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

**SECTION 10.04. Triple Net Lease.** This Lease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the rentals provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

**SECTION 10.05. Taxes.** The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Lease as and when the same become due.

The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Leased Property, the rentals and other payments required hereunder or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City’s expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Leased Property will be materially endangered or the Leased Property, or any part thereof, will be subject to loss or forfeiture, in which



event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

**SECTION 10.06. Section Headings.** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

**SECTION 10.07. Amendment or Termination.** The Authority and the City may at any time agree to the amendment or termination of this Lease; provided, however, that the Authority and the City agree and recognize that this Lease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

**SECTION 10.08. Execution.** This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

LINCOLN PUBLIC FINANCING  
AUTHORITY, as Lessor

By \_\_\_\_\_  
Matthew Brower  
Executive Director

CITY OF LINCOLN, as Lessee

By \_\_\_\_\_  
Matthew Brower  
City Manager

[Insert Notary Pages Here]

## **EXHIBIT A**

### **LEASED PROPERTY**

The land referred to herein is situated in the State of California, County of Placer, City of Lincoln and is described as follows:

**Legal Description:**

[TO COME].

**EXHIBIT B**  
**BASE RENTAL PAYMENT SCHEDULE**

**CITY OF LINCOLN**

<b>Semiannual Period Ending*</b>	<b>Semiannual Base Rental</b>
	\$

<b>Semiannual Period Ending*</b>	<b>Semiannual Base Rental</b>
--------------------------------------	-----------------------------------

---

<b>Total</b>	<b>\$</b>
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\* Each Base Rental Payment is payable on or before the 15th day preceding the applicable semiannual period end date set forth above (each, a “Due Date”). See Section 3.01.

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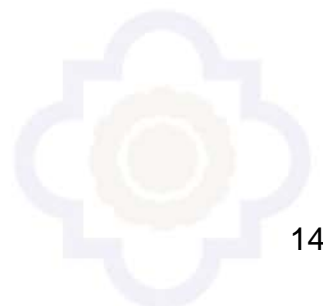
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10E

**ATTACHMENT No. 6 – Bond Purchase Agreement**



1436

\$ \_\_\_\_\_  
**LINCOLN PUBLIC FINANCING  
AUTHORITY  
LEASE REVENUE REFUNDING BONDS  
SERIES 2016A**

\$ \_\_\_\_\_  
**LINCOLN PUBLIC FINANCING  
AUTHORITY  
LEASE REVENUE REFUNDING BONDS  
SERIES 2016B  
(FEDERALLY TAXABLE)**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2016

Lincoln Public Financing Authority  
600 6<sup>th</sup> Street  
Lincoln, California 95648

City of Lincoln  
600 6<sup>th</sup> Street  
Lincoln, California 95648

Ladies and Gentlemen:

Piper Jaffray & Co., (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement with you, the City of Lincoln (the “City”) and the Lincoln Public Financing Authority (the “Authority”), for the purchase by the Underwriter and the delivery by you of the Bonds specified below. The Bonds are being issued by the Authority to (i) refinance the capital improvements financed through a Facility Lease, dated as of July 1, 2003, between the Authority and the City (the “2003 Lease”) and the Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 (the “Series 2003 Bonds”) payable from certain lease payments to be made by the City pursuant to the 2003 Lease; (ii) refinance the capital improvements financed through a Facility Lease, dated as of July 1, 2006, between the Authority and the City (the “2006 Lease”) and the Authority Lease Revenue Bonds (City Hall Project), Series 2006 (the “Series 2006 Bonds”) payable from certain lease payments to be made by the City pursuant to the 2006 Lease; (iii) refinance the capital improvements financed through a Lease and Leaseback Agreement, dated as of July 8, 2008, between CaLease Public Funding Corporation and the City (the “2008 Lease” and, together with the 2003 Lease and the 2006 Lease, the “Prior Obligations”); (iv) establish a reserve fund for the Bonds or purchase a municipal bond debt service reserve insurance policy (the “Reserve Facility”) issued by \_\_\_\_\_ (the “Insurer”) for the Bonds; and (v) pay certain costs associated with the issuance of the Bonds. This offer is made subject to acceptance by you prior to 11:59 p.m., Los Angeles time, on the date hereof. Upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Trust Agreement (defined below).

**1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell to the Underwriter, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the Authority's Lease Revenue Refunding Bonds, Series 2016A and Series 2016B (Federally Taxable), comprised of \$\_\_\_\_\_ Series 2016A (the "Series A Bonds") and \$\_\_\_\_\_ Series 2016B (Federally Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"). The purchase price for the Bonds shall be \$\_\_\_\_\_ (being the principal amount of the Bonds, less an Underwriter's discount in the amount of \$\_\_\_\_\_, and plus net original issue premium of \$\_\_\_\_\_). At the request of the Authority, on the date of Closing (as defined herein) the Underwriter will wire the Reserve Facility premium of \$\_\_\_\_\_ to the Insurer and the Bond Insurance Policy of \$\_\_\_\_\_ to the Insurer. As a result, the net amount to be wired to the Authority as the purchase price for the Bonds will be \$\_\_\_\_\_.

The Bonds will be dated the date of delivery thereof, and will have the maturities and bear interest at the rates set forth on Exhibit A hereto. The Bonds will be subject to redemption as set forth in the Official Statement herein described. The Bonds will be issued in book-entry form only. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Bond Purchase Agreement.

**2. Authorizing Instruments and Law.** The Bonds shall be issued pursuant to the provisions of a resolution (the "Resolution") adopted by the Authority authorizing the issuance of the Bonds and the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code (the "JPA Act"). The Bonds are issued pursuant to a Trust Agreement, dated as of November 1, 2016 (the "Trust Agreement"), between the Authority and U.S. Bank National Association (the "Trustee"), and shall be as described in the Trust Agreement.

The Bonds are limited obligations of the Authority payable primarily from and secured by certain rental revenues (the "Base Rental Payments") to be paid by the City pursuant to a Facility Lease (the "Facility Lease"), dated as of November 1, 2016, between the City and the Authority, for certain real property and the improvements thereon (the "Facilities"). The City will lease the Leased Property to the Authority pursuant to a Site Lease, dated as of November 1, 2016 (the "Site Lease"), between the City and the Authority. Under the Trust Agreement, Additional Bonds payable on a parity with the Bonds may be issued provided that certain conditions have been met.

**3. Offering the Bonds.** The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the cover pages of the Official Statement of the Authority pertaining to the Bonds, dated \_\_\_\_\_, 2016 (the Official Statement, together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, are herein called the "Official Statement"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds.

The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. “Public Offering” shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

The City and the Authority acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between the City, the Authority and the Underwriter, and that the Underwriter has financial and other interests that differ from those of the City and the Authority, (ii) in connection with such transaction the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the City and the Authority or any other person or entity and has not assumed a fiduciary responsibility in favor of the City or the Authority with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the City or the Authority on other matters), (iii) the only contractual obligations the Underwriter has to the City and the Authority with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement, except as otherwise provided by applicable rules and regulations of the SEC or the rules of the Municipal Securities Rulemaking Board (the “MSRB”) , and (iv) the City and the Authority have consulted with their own legal and other professional advisors to the extent they deemed appropriate in connection with the offering of the Bonds. The City and the Authority acknowledge that they have previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB relating to disclosures concerning the Underwriter’s role in the transaction, disclosures concerning the Underwriter’s compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

**4. Delivery of Official Statement.** The Authority shall deliver to the Underwriter two (2) copies of the Official Statement manually executed on behalf of the Authority and the City by authorized representatives. The Authority shall also deliver copies of the Official Statement in such quantities as the Underwriter may reasonably request in order to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The Authority shall deliver these copies to the Underwriter within seven (7) business days after the execution of this Bond Purchase Agreement and in sufficient time to accompany or precede any sales confirmation that requests payment from any customer of the Underwriter. The Authority and the Underwriter hereby agree that the end of the underwriting period shall be the date of Closing (as defined below) unless the Underwriter informs the Authority in writing of a different end of the underwriting period. The Underwriter covenants to file the Official Statement with the MSRB on a timely basis.

“End Date” as used herein is that date which is the earlier of:

(a) twenty-five (25) days after the end of the underwriting period, as defined in SEC Rule 15c2-12 originally adopted by the Securities and Exchange Commission on June 28, 1989, as amended (“Rule 15c2-12”); or

(b) the time when the Official Statement becomes available from the MSRB, but in no event less than twenty-five (25) days after the underwriting period (as defined in Rule 15c2-12) ends.

The Authority and the City have authorized the use of the Official Statement in connection with the public offering of the Bonds. The Authority and the City also have consented to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement dated \_\_\_\_\_, 2016, relating to the Bonds in connection with the public offering of the Bonds, (which, together with all appendices thereto, is herein called the "Preliminary Official Statement"). Authorized officers of the City and the Authority have certified to the Underwriter that such Preliminary Official Statement was deemed to be final as of its date for purposes of Rule 15c2-12, with the exception of certain final pricing and related information referred to in Rule 15c2-12. The Underwriter has distributed a copy of each Preliminary Official Statement to potential customers on request.

**5. The Closing.** At 9:00 A.M., California time, on \_\_\_\_\_, 2016, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Authority, the City and the Underwriter, the Authority, upon receipt of the purchase price thereof, will deliver (i) the Bonds in book-entry form through the facilities of The Depository Trust Company ("DTC"), and (ii) the closing documents hereinafter mentioned at the offices of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, or another place to be mutually agreed upon by the Authority, the City and the Underwriter. The Underwriter will accept such delivery from the Authority. The Underwriter will pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer of immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

**6. City Representations, Warranties and Covenants.** The City represents, warrants and covenants to the Underwriter that:

(a) The City is a municipal corporation of the State of California (the "State") organized and operating pursuant to the law of the State with power and authority to enter into and perform its duties under the Facility Lease, the Continuing Disclosure Agreement, dated \_\_\_\_\_, 2016 (the "Continuing Disclosure Agreement"), the Site Lease, the Official Statement and this Bond Purchase Agreement (collectively, the "City Documents").

(b) To the best knowledge of the City, neither the approval, execution and delivery of the City Documents, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(c) The City Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally, and by the application of equitable principles if sought, by the exercise of judicial discretion, and by the limitations on legal remedies imposed on actions against counties in the State .

(d) Except as may be required under blue sky or other securities laws of any state, there is no material consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Official Statement and this Bond Purchase Agreement.

(e) To the best of the knowledge of the City, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending (notice of which has been received by the City) or threatened against the City to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Facility Lease, or in any way contesting or affecting the validity of the City Documents or the Bonds or the authority of the City to approve this Bond Purchase Agreement, or enter into the City Documents or contesting the powers of the City to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the City in connection with any action contemplated by this Bond Purchase Agreement or to restrain or enjoin the execution, sale and delivery of the Bonds, contesting the completeness or accuracy of the Preliminary Official Statement as of its date or the Official Statement or any supplement or amendment thereto wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the City Documents to be executed by it or asserting that the Preliminary Official Statement as of its date or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of all the circumstances under which they were made, not misleading, or, except as described in the Preliminary Official Statement and the Official Statement, the payment of Base Rental Payments, nor is there any basis for any such action, suit, proceeding or investigation.

(f) The Preliminary Official Statement provided to the Underwriter has been deemed final by the City, as required by Rule 15c2-12. As of the date thereof and at all times subsequent thereto up to and including the Closing Date, the information relating to the City, the Bonds, the Leased Property and the City Documents contained in the Official Statement was and will be materially complete for its intended purposes. The information relating to the City, the Bonds, the Leased Property and the City Documents contained in the Official Statement as of the date hereof is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(g) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified.

(h) By official action of the City prior to or concurrently with the execution hereof, the City has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Bond Purchase Agreement.

(i) To the best knowledge of the City, it is not in any material respect in breach of or default under any material applicable law or administrative regulation of the State or the United States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject and in connection with which the City is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument the consequence of which could materially and adversely affect the performance of the City under the City Documents.

(j) If between the date of this Bond Purchase Agreement and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City, the Leased Property, or the City's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the City will notify the Underwriter, and if, in the opinion of the Underwriter, the City or their respective legal counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City.

(k) If the information relating to the Leased Property, the City, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect.



(l) The City covenants that it will comply with all tax covenants relating to it in the City Documents, the Tax Certificate of the City and this Bond Purchase Agreement.

(m) Substantially all the proceeds from the sale of the Bonds (after deducting the expenses of issuance and sale of the Bonds paid for from such proceeds) will be used as set forth in the Trust Agreement and as described in the Official Statement, and the City will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Trust Agreement and the Facility Lease, as amended from time to time.

(n) Any certificate signed by a duly authorized official of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(o) As of the time of acceptance hereof and as of the Closing, the City does not and will not have outstanding any indebtedness which is payable from the City's general fund except as disclosed in the Official Statement.

(p) Between the date of this Bond Purchase Agreement and the date of Closing, the City will not, and except as disclosed in the Official Statement, offer or issue any certificates, notes or other obligations for borrowed money, or, other than in the normal course of its operations, incur any material liabilities, direct or contingent, secured payable from the City's general fund.

(q) The City, on behalf of itself and the Authority, will undertake, pursuant to the Continuing Disclosure Agreement, to provide or cause to be provided annual financial reports and notices of certain events; a description of this undertaking is set forth in the Official Statement. Based on a review of its prior undertakings with respect to Rule 15c2-12, and except as disclosed in the Preliminary Official Statement and Official Statement, the City has not failed to comply in all material respects with a continuing disclosure undertaking under Rule 15c2-12 during the previous five years.

(r) The financial statements of, and other financial information regarding the City in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth and the audited financial statements have been prepared in accordance with generally accepted accounting principles applicable to counties.

**7. Authority Representations, Warranties and Covenants.** The Authority represents, warrants and covenants to the City and the Underwriter that:

(a) The Authority is a joint powers authority, duly organized and existing under the Constitution (the "Constitution") and laws of the State, including the JPA Act, with full right, power and authority to enter into, execute and deliver the Authority Documents (defined below) and to perform its obligations hereunder.

(b) By all necessary official action, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Bond Purchase Agreement, the Bonds, the Trust Agreement, the Site Lease, the Facility Lease, and the Escrow Agreement, dated as of November 1, 2016 (the “Escrow Agreement”), between the Authority and the Trustee, as escrow agent (collectively, the “Authority Documents”), and has approved the use by the Underwriter of the Preliminary Official Statement, and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties hereto, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable upon the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors rights generally, to the exercise of judicial discretion and to the limitations on legal remedies against joint powers authorities in California. The Authority has complied, and will at the Closing be in compliance in all respects, with the terms of the Authority Documents.

(c) The Bonds, when issued in accordance with the Trust Agreement, will be legally valid and binding special obligations of the Authority, entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally to the exercise of judicial discretion and to the limitations on legal remedies against joint powers authorities in California.

(d) As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, to the best knowledge of the Authority, the Authority is not and will not be in any material respect in breach of or in default under any law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on the Authority’s ability to perform its obligations under the Authority Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and compliance by the Authority with the provisions thereof do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties under the terms of any such law, regulation or instrument except as provided in the Authority Documents.

(e) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in

equity, before or by any court, government agency, public board or body, pending (notice of which has been received by the Authority), or to the best knowledge of the Authority threatened against the Authority in any material respect:

(i) affecting the existence of the Authority or the titles of the officers of the Authority to their respective offices;

(ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Authority Documents or the consummation of the transactions on the part of the Authority contemplated thereby, or contesting the exclusion of the interest on the Series A Bonds from Federal or State taxation, as applicable, or contesting the powers of the Authority or its authority to enter into the Facility Lease and to pledge the Base Rental Payments for repayment of the Bonds;

(iii) which may result in any material adverse change relating to the financial condition of the Authority;

(iv) contesting the completeness or accuracy of the Preliminary Official Statement as of its date or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement as of its date or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of all the circumstances under which they were made, not misleading; or

(v) challenging the ability of the Authority to sell the Bonds to the Underwriter.

(f) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the blue sky laws or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; *provided however*, that in no event shall the Authority be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(g) Any certificate signed by a duly authorized officer of the Authority and delivered to the Underwriter shall be deemed to be a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(h) As of the time of acceptance hereof and as of the date of Closing, except as otherwise disclosed in the Official Statement, the Authority has complied with the filing requirements of the JPA Act.

(i) The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement from the delivery of the Official Statement to the End Date, and will not effect or consent to any such amendment or supplement without prior consultation with the Underwriter. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(j) For a period beginning on the date hereof and continuing until the End Date, (a) the Authority will not adopt any amendment of, or supplement to, the Official Statement without prior consultation with the Underwriter and Nossaman LLP, (“Underwriter’s Counsel”) and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of Underwriter’s Counsel, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, the Authority will forthwith cause the City to prepare and furnish to the Underwriter a reasonable number of copies of an amendment of, or supplement to, the Official Statement (in form and substance satisfactory to Underwriter’s Counsel) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Bonds, not misleading.

(k) The Authority is in compliance with all of its prior continuing disclosure undertakings, if any, entered into pursuant to Rule 15c2-12.

**8. Closing Conditions.** The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the Authority and the City of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter’s obligations hereunder are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Authority and the City contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing:

(i) the City Documents and the Authority Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter;

(ii) there shall be in full force and effect such resolutions (the “Authorizing Resolutions”) as, in the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), shall be necessary in connection with the transactions on the part of the Authority and the City contemplated by this Bond Purchase Agreement, the Official Statement, the City Documents and the Authority Documents;

(iii) the Authority shall perform or have performed its obligations required or specified in the Authority Documents to be performed at or prior to Closing;

(iv) the City shall perform or have performed its obligations required as specified in the City Documents to be performed at or prior to Closing; and

(v) the Official Statement shall not have been supplemented or amended, except pursuant to Paragraph 6(j) or 7(k), or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under the Authority Documents or the City Documents and neither the Authority nor the City shall be in default in the payment of principal or interest on any of its bonded indebtedness or other obligations payable from the City's general fund which default shall adversely impact the ability of the Authority to make payments on the Bonds or the City to make payments pursuant to the Facility Lease.

(d) Termination Events. The Underwriter shall have the right to terminate this Bond Purchase Agreement, without liability therefor, by written notification to the Authority and the City if at any time at or prior to the Closing the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall have been materially adversely affected in the reasonable judgment of the Underwriter (evidenced by a written notice to the City and the Authority terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(i) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; or

(ii) an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of the Authority Documents or the City Documents in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official

statement on behalf of the United States Treasury Department, the Internal Revenue Service or other Federal or State authority materially adversely affecting the Federal or State tax status of the Authority or the City, or the interest on bonds or notes or obligations of the general character of the Series A Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the States or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which restrictions materially adversely affect the Underwriter's ability to market the Bonds; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any escalation of current or other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(viii) the commencement of any action, suit or proceeding described in Paragraphs 6(e) or 7(e) hereof; or

(ix) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(x) an event described in paragraph (j) of Section 6 or paragraph (k) of Section 7 hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xi) any rating of the Bonds or other obligations of the City shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(xii) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(xiii) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(xiv) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Bond Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) Bond Opinion. The approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as APPENDIX D to the Official Statement.

(2) Supplemental Opinion. A supplemental opinion of Bond Counsel addressed to the Underwriter, in substantially the form attached hereto as Exhibit B, which shall include a statement that the opinion referenced in Section 8(e)(1) may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them.

(3) City Attorney Opinion. An opinion of the City Attorney, dated as of the Closing and addressed to the Authority and the Underwriter, in substantially the form attached hereto as Exhibit C.

(4) Authority Counsel Opinion. An opinion of Counsel to the Authority, dated the date of the Closing and addressed to the City and the Underwriter, in substantially the form attached hereto as Exhibit D.

(5) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to Bond Counsel, the City, the Authority and the Underwriter, in form and substance acceptable to counsel for the Underwriter substantially to the following effect:

(i) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America, with trust powers, and has the corporate power and authority to carry on its business as presently conducted.

(ii) The Trustee has full power and authority to serve as Trustee as contemplated in the Trust Agreement.

(iii) The Trust Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee, and constitute the legal, valid and binding obligation of the Trustee, enforceable against it in accordance with the respective terms thereof, subject to applicable bankruptcy, insolvency, moratorium, reorganization, arrangement and other similar laws affecting the rights of creditors (including creditors of national banks) generally or by the application of general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and the effect of judicial decisions which have held that certain provisions are unenforceable where their enforcement would violate the implied covenant of good faith and fair dealing, or would be commercially unreasonable and the effect of judicial decisions permitting the introduction of extrinsic evidence to modify the terms or the interpretation of the Trust Agreement.

(iv) To the knowledge of such counsel, the execution, delivery, acceptance and performance of the Trust Agreement and the Escrow Agreement by the Trustee and its acceptance and performance of its duties and obligations thereunder will not violate any provisions of any law or regulation governing the banking or trust powers of the Trustee or any order of any governmental authority having jurisdiction over the Trustee.

(v) To the knowledge of such counsel, no authorization, approval, consent or other order of any governmental agency or regulatory authority having jurisdiction over the trust powers of the Trustee that has not been obtained is required for the authorization, execution and delivery by the Trustee of the Trust Agreement and the Escrow Agreement or its acceptance and performance of the duties and obligations thereunder.

(vi) The execution, delivery and performance of the Trust Agreement and the Escrow Agreement by the Trustee and the consummation of the transactions contemplated thereby do not and will not (a) to the knowledge of such counsel conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Trustee is a party or by which the Trustee is bound or to which any of the Leased Property or assets of the Trustee or any of its subsidiaries is subject, (b) result in any violation of the provisions of the Articles of Association, By-laws, or applicable resolutions of the Trustee, or (c) to the knowledge of such counsel result in any violation of any statute, order, rule or regulation of



any court or government agency or body having jurisdiction over the Trustee or any of its properties or assets.

(6) Underwriter's Counsel Opinion. An opinion, dated the date of the Closing addressed to the Underwriter, of Nossaman LLP, counsel to the Underwriter, in such form as may be acceptable to the Underwriter.

(7) City Certificate. A certificate, dated the date of Closing, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter to the effect that: (a) the representations, warranties and covenants of the City contained in this Bond Purchase Agreement are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (b) the City has complied with all agreements, covenants and conditions to be complied with by the City at or prior to the Closing under the City Documents; (c) to the best of such official's knowledge, no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(8) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by the Chairman or other duly authorized officer of the Authority to the effect that (i) the representations, warranties and covenants of the Authority contained herein and in the Authority Documents are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Authority has complied with all of the terms and conditions of the Authority Documents required to be complied with by the Authority at or prior to the date of Closing; and (ii) to the best of such official's knowledge, no event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(9) Trustee's Certificate. A Certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter to the effect that (i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Trust Agreement and the Escrow Agreement; (ii) subject to the provisions of the Trust Agreement, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Trust Agreement and the Escrow Agreement; and (iii) the Trustee has duly authorized and executed the Trust Agreement and the Escrow Agreement.

(10) Title Policy. A copy of a CLTA or ALTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the City's leasehold interest in the Leased Property, subject only to Permitted Encumbrances (as defined in the Trust Agreement) or such other acceptable encumbrances.

(11) Verification Report. A copy of the verification report of \_\_\_\_\_, concluding that the amounts on deposit under the Escrow Agreement, together with interest thereon, are sufficient to defease the Prior Obligations.

(12) Transcripts. Two CD transcripts of the proceedings prepared by Bond Counsel relating to the authorization and issuance of the Bonds will be delivered in due course.

(13) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the Authority by a duly authorized officer of each.

(14) Documents. An original executed or certified copy of each of the Authority Documents, the City Documents and the Joint Exercise of Powers Agreement (the “JPA Agreement”), between the City and the Successor Agency to the Redevelopment Agency of the City of Lincoln.

(15) City Resolution. Certified copy by the City Clerk, of each resolution of the City relating to the City Documents, the actions contemplated thereby, provided that such resolutions may be contained in the transcripts.

(16) Authority Resolution. Certified copy by the Secretary or Assistant Secretary of the Authority, of each resolution of the Authority relating to the Authority Documents, the Bonds and the transactions contemplated thereby, provided that such resolutions may be contained in the transcripts.

(17) IRS Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared for filing.

(18) Tax Certificate. A tax certificate in form satisfactory to Bond Counsel.

(19) Ratings. Evidence as of the Closing satisfactory to the Underwriter that the Bonds have received the ratings set forth in the Official Statement and that such ratings have not been reduced or withdrawn.

(20) CDIAC Statement. A copy of the Notice of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code.

(21) Insurer Documents. A copy of the Reserve Facility, Bond Insurance Policy and any such supporting opinions and certifications as shall be deemed advisable by Bond Counsel and as may be reasonably requested by the Underwriter.

(22) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter and Bond Counsel may reasonably deem necessary.

If the Authority or the City shall be unable to satisfy the conditions contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be terminated by the Underwriter, and none of the Underwriter, the Authority or the City shall be under further obligation hereunder.

**9. Expenses.** Except as otherwise provided in this Section, the Underwriter shall be under no obligation to pay, and the Authority or the City shall pay or cause to be paid, the expenses incident to the performance of the obligations of the Authority and the City hereunder including but not limited to:

(a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the City Documents and the Authority Documents and the cost of preparing, printing, issuing and delivering the Bonds;

(b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Authority or the City;

(c) the fees and disbursements of Bond Counsel and Disclosure Counsel;

(d) the cost of preparation and printing the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and printing of the Official Statement, including a reasonable number of copies thereof for distribution by the Underwriter; and

(e) charges of rating agencies for the rating of the Bonds.

The Underwriter shall pay all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds including, but not limited to: (i) the fees and disbursements of Underwriter's Counsel; and (ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds (including other expenses, fees of the California Debt and Investment Advisory Commission, CUSIP Service Bureau fees, and any other fees and expenses), except as otherwise provided in the preceding paragraph or otherwise agreed to by the Underwriter, the Authority and the City in writing.

**10. Notice.** Any notice or other communication to be given to the Underwriter may be given by delivering the same to Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, CA 90245, Attn.: Dennis McGuire. Any notice or other communication to be given to the Authority or the City pursuant to this Bond Purchase Agreement may be given by delivering the same in writing to such entity, at the addresses set forth on the cover page hereof.

**11. Entire Agreement.** This Bond Purchase Agreement, when accepted by the Authority and the City, shall constitute the entire agreement among the Authority, the City and the Underwriter and is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns of any Underwriter). Except as provided in Section 16 below, no other person shall acquire or have any right hereunder by virtue hereof, except as

provided herein. All the Authority's and the City's representations, warranties and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Bond Purchase Agreement.

**12. Counterparts.** This Bond Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**13. Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**14. State of California Law Governs.** The validity, interpretation and performance of the Authority Documents shall be governed by the laws of the State.

**15. No Assignment.** The rights and obligations created by this Bond Purchase Agreement shall not be subject to assignment by the Underwriter, the Authority or the City without the prior written consent of the other parties hereto.

**16. Definitions.** Terms not otherwise defined herein shall have the same meaning as when used in the Trust Agreement.

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted as of the date first stated above:

**LINCOLN PUBLIC FINANCING AUTHORITY**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

Time of Execution: \_\_\_\_\_

**CITY OF LINCOLN, CALIFORNIA**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

Time of Execution: \_\_\_\_\_

**EXHIBIT A**

**MATURITY SCHEDULE**

\$\_\_\_\_\_

**LINCOLN PUBLIC FINANCING AUTHORITY  
LEASE REVENUE REFUNDING BONDS  
SERIES 2016A**

<b>Maturity Date (August 1 of)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			

C = Yield to the optional call date of August 1, 20\_\_ at par.

\$ \_\_\_\_\_  
**LINCOLN PUBLIC FINANCING AUTHORITY**  
**LEASE REVENUE REFUNDING BONDS**  
**SERIES 2016B**  
**(FEDERALLY TAXABLE)**

<b>Maturity Date (August 1 of)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			

C = Yield to the optional call date of August 1, 20\_\_ at par.

**EXHIBIT B**

**FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[TO COME FROM BOND COUNSEL]



**EXHIBIT C**  
**FORM OF CITY ATTORNEY OPINION**

\_\_\_\_\_, 2015

Lincoln Public Financing Authority  
Lincoln, California

Piper Jaffray & Co.  
El Segundo, California

Lincoln Public Financing Authority  
Lease Revenue Refunding Bonds,  
Series 2016A and Series 2016B (Federally Taxable)

Ladies and Gentlemen:

This office has acted as counsel to the City of Lincoln (the “City”) in connection with the issuance, sale and delivery by the Lincoln Public Financing Authority (the “Authority”) of the above-captioned bonds (the “Bonds”). I have examined originals (or copies certified or otherwise identified to our satisfaction) of such documents, records and other instruments as we deemed necessary or appropriate for the purposes of this opinion, including, without limitation: (i) those documents relating to the existence, organization and operation of the City; (ii) Resolution No. \_\_\_\_\_, adopted by the City Council on \_\_\_\_\_, 2016 (the “Resolution”); (iii) all necessary documentation of the City relating to the authorization, execution and delivery of the Trust Agreement, dated as of November 1, 2016 (the “Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); the Facility Lease, dated as of November 1, 2016, between the Authority and the City (the “Facility Lease”); the Site Lease, dated as of November 1, 2016, between the City and the Authority (the “Site Lease”); the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2016 (the “Continuing Disclosure Agreement”) between the City and \_\_\_\_\_; the Bond Purchase Agreement, dated \_\_\_\_\_, 2016, among Piper Jaffray & Co., as underwriter (the “Underwriter”), the Authority and the City (the “Purchase Contract”); and the Official Statement relating to the Bonds, dated \_\_\_\_\_, 2016 (the “Official Statement”). The Facility Lease, the Site Lease, and the Continuing Disclosure Agreement are collectively referred to herein as the “City Legal Documents.” All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms as set forth in the Trust Agreement.

Based on the foregoing, we are of the opinion that:

1. The City is a municipal corporation, organized and operating under the Constitution and laws of the State of California, and the City has duly and validly adopted the Resolution at a meeting of the City Council of the City which was called and held pursuant to

law and with all public notice required by law and at which a quorum was present and acting throughout and the Resolution has not been modified or amended and is in full force and effect.

2. Each of the City Legal Documents and the Purchase Contract has been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the City enforceable against the City in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally, the exercise of judicial discretion, the application of equitable principles if equitable remedies are sought and limitations on remedies against counties in the State of California.

3. To the best knowledge of the undersigned, after reasonable investigation, except as may be described in the Official Statement, no approval, consent or authorization of any governmental or public agency or authority is required for the adoption of the Resolution, the approval of the Official Statement or the valid authorization or execution and delivery of the City Legal Documents or the Purchase Contract which has not been obtained (provided that no opinion is expressed as to any action required under state securities or blue sky laws in conjunction with the purchase or distribution of the Bonds by the Underwriter).

4. To the best knowledge of the undersigned, after reasonable investigation, the execution and delivery of the City Legal Documents and the Purchase Contract by the City, the adoption of the Resolution, the approval of the Official Statement, and compliance with the provisions of the City Legal Documents, the Purchase Contract, the Official Statement and the Resolution and the performance by the City of its obligations thereunder, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the City, or any commitment, agreement or other instrument to which the City is a party or by which it is bound, or any existing law, regulation, order or decree to which the City is subject.

5. Except as disclosed in the Official Statement, to the best knowledge of the undersigned, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending as to which service of process has been made or, threatened against the City which would materially and adversely impact the City's ability to complete the transactions described in and contemplated by the Official Statement, seeking to restrain or enjoin the base rental payments under the Facility Lease, or in any way contesting or affecting the validity of the City Legal Documents, the Purchase Contract, the Resolution or the Bonds or the transactions relating to the Leased Property as described and defined in the Official Statement.

6. To the best knowledge of the undersigned, the information contained in the Official Statement (except for the financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and any information regarding The Depository Trust Company, as to which no opinion is expressed) does not contain any untrue statement of a material fact or omit to state a material fact required to be

stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This office expresses no opinion as to any matter other than as expressly set forth above. Without limiting the generality of the foregoing, we specifically express no opinion as to the status of the Bonds or the interest thereon or the City Legal Documents under any federal securities laws or any state securities “Blue Sky” law or any federal, state or local tax law. Further, we express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the City Legal Documents, and we express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to each of the parties address above and is solely for the benefit of each of such parties and is not to be used, circulated, quoted, or otherwise referred to or relied upon by any other person or for any other purpose. A copy of this opinion may be included in the transcript of proceedings relating to the Bonds.

Very truly yours,

## EXHIBIT D

### FORM OF AUTHORITY COUNSEL OPINION

\_\_\_\_\_, 2015

City of Lincoln  
Lincoln, California

Piper Jaffray & Co.  
El Segundo, California

Lincoln Public Financing Authority  
Lease Revenue Refunding Bonds,  
Series 2016A and Series 2016B (Federally Taxable)

Ladies and Gentlemen:

This office has acted as counsel to the Lincoln Public Financing Authority (the “Authority”) in connection with the issuance, sale and delivery by the Authority of the above-captioned bonds (the “Bonds”). I have examined originals (or copies certified or otherwise identified to our satisfaction) of such documents, records and other instruments as we deemed necessary or appropriate for the purposes of this opinion, including, without limitation: (i) those documents relating to the existence, organization and operation of the Authority; (ii) Resolution No. \_\_\_\_\_, adopted by the Authority on \_\_\_\_\_, 2016 (the “Resolution”); (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Trust Agreement, dated as of November 1, 2016 (the “Trust Agreement”) between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); the Facility Lease, dated as of November 1, 2016 (the “Facility Lease”), between the Authority and the City of Lincoln (the “City”); the Site Lease, dated as of (the “Facility Lease”), between the City and the Authority (the “Site Lease”); the Escrow Agreement, dated as of November 1, 2016 (the “Escrow Agreement”) between the City and U.S. Bank National Association; the Bond Purchase Agreement, dated \_\_\_\_\_, 2016, among Piper Jaffray & Co., as underwriter, the Authority and the City (the “Purchase Contract”); and the Official Statement relating to the Bonds, dated \_\_\_\_\_, 2016 (the “Official Statement”). The Trust Agreement, the Facility Lease, the Site Lease, the Escrow Agreement and the Bonds are collectively referred to herein as the “Authority Legal Documents.” All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms as set forth in the Trust Agreement.

Based on the foregoing, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly organized and validly existing pursuant to the Constitution and laws of the State of California with the full power and

authority to adopt the Resolution, and the Authority has duly and validly adopted the Resolution at a meeting of the Board of Directors of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Resolution has not been modified or amended and is in full force and effect.

2. Each of the Authority Legal Documents, the Purchase Contract and the Official Statement has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto, each of the Authority Legal Documents and the Purchase Contract constitutes a legal, valid and binding agreement of the Authority enforceable against the Authority in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, the exercise of judicial discretion, the application of equitable principles if equitable remedies are sought and limitations on remedies against joint powers agencies in the State of California.

3. Except as disclosed in the Official Statement, to the best knowledge of the undersigned, there is no action, suit, proceeding or investigation at law or in equity, before or by any court, public board or body, pending as to which service of process has been made or, threatened against the Authority, seeking to restrain or enjoin any of the transactions referred to herein or contemplated hereby or contesting or affecting the validity of the Authority Legal Documents or the Purchase Contract, or the issuance, sale or delivery of the Bonds.

This office expresses no opinion as to any matter other than as expressly set forth above. Without limiting the generality of the foregoing, we specifically express no opinion as to the status of the Bonds or the interest thereon or the Authority Legal Documents under any federal securities laws or any state securities "Blue Sky" law or any federal, state or local tax law. Further, we express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Authority Legal Documents, and we express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to each of the parties address above and is solely for the benefit of each of such parties and is not to be used, circulated, quoted, or otherwise referred to or relied upon by any other person or for any other purpose. A copy of this opinion may be included in the transcript of proceedings relating to the Bonds.

Very truly yours,

[\_\_\_\_], 2016

Piper Jaffray & Co.  
El Segundo, California

Lincoln Public Financing Authority Lease Revenue Refunding Bonds,  
Series 2016A and Series 2016B (Federally Taxable)  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 8(e)(2) of the Bond Purchase Agreement, dated [\_\_\_\_], 2016 (the “Purchase Contract”), between you, the Lincoln Public Financing Authority (the “Authority”) and the City of Lincoln (the “City”), providing for the purchase of \$[PAR A] principal amount of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A and \$[PAR B] principal amount of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of [November] 1, 2016 (the “Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Contract.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Contract, the Trust Agreement, the Site Lease, the Facility Lease, the Tax Certificate, certain portions of the official statement of the Authority, dated [\_\_\_\_], 2016, with respect to the Bonds (the “Official Statement”), opinions of counsel to the Authority, the City and the Trustee, certificates of the Authority, the City, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events

occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Site Lease, the Facility Lease, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities and joint powers authorities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any real or personal property described in or as subject to the lien of the Site Lease, the Facility Lease or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the Series 2016 Bond Insurance Policy.

2. The Purchase Contract has been duly executed and delivered by, and is a valid and binding agreement of, the City and the Authority.

3. The statements contained in the Official Statement under the captions ["THE BONDS," "SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," and in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL



DOCUMENTS” and APPENDIX D – “PROPOSED FORM OF OPINION OF BOND COUNSEL,”] excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Trust Agreement, the Site Lease and the Facility Lease and the form and content of our Bond Opinion, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. [We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version.] In our capacity as bond counsel to the Authority in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Authority, the City, financial advisors and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the Authority, the City and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services with respect to the Official Statement which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry, The Depository Trust Company, ratings, rating agencies, underwriters, underwriting, the Series 2016 Bond Insurer, the Series 2016 Bond Insurance Policy and the information contained in Appendices [A], [B], [E] and [F], included or referred to therein or omitted therefrom, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by

Piper Jaffray & Co.  
[\_\_\_\_], 2016  
Page 4

virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP



10E

**ATTACHMENT No. 7 – Preliminary Official Statement**



1469

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2016**

**NEW ISSUE - FULL BOOK-ENTRY**

**INSURED RATING: S&P: ☐**  
**UNDERLYING RATING: S&P: ☐**  
(See "RATINGS" herein)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2016 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2016 Bonds. See "TAX MATTERS" herein.*

\$ \_\_\_\_\_<sup>\*</sup>  
**Lincoln Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2016A**

\$ \_\_\_\_\_<sup>\*</sup>  
**Lincoln Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2016B**  
**(Federally Taxable)**

**Dated: Date of Delivery**

**Due: August 1, as shown on the inside cover**

The Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Bonds") are being issued by the Lincoln Public Financing Authority (the "Authority") to provide funds to (i) refinance certain City capital improvements (the "Project"), (ii) establish a reserve fund for the Bonds or pay the costs of a surety bond and (iii) pay costs of issuance incurred in connection with the issuance, sale and delivery of the Bonds, as described herein.

Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2017. The Bonds will be issued as fully-registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form through DTC participants and no physical delivery of the Bonds will be made to purchasers, except as otherwise described herein. Payment of principal, premium, if any, and interest will be made by U.S. Bank National Association, as trustee (the "Trustee"), to DTC which is obligated to remit such payments to its participants for subsequent disbursement to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry System" herein. The Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof.

The Bonds are being issued pursuant to a Trust Agreement (the "Trust Agreement"), between the Authority and the Trustee. The Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of Revenues and certain other moneys pledged therefor in the Trust Agreement. Revenues consist primarily of Base Rental Payments to be received by the Authority from the City of Lincoln (the "City") pursuant to a Facility Lease between the Authority, as lessor, and the City, as lessee. Such Base Rental Payments are calculated to be sufficient to pay the principal of and interest on the Bonds when due. Base Rental Payments are payable from any source of legally available funds in each year the City has use and possession of the Leased Property.

**The Bonds are subject to optional redemption, mandatory sinking account redemption and extraordinary redemption prior to maturity as more fully described herein.**

[The City has applied for municipal bond insurance to secure the scheduled payment of principal of and interest on the Bonds when due. The City expects to supplement this Preliminary Official Statement prior to pricing the Bonds if and when it receives an acceptable commitment for municipal bond insurance.] [Payment of principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by \_\_\_\_\_ (the "Series 2016 Bond Insurer") simultaneously with the delivery of the Bonds.] See "BOND INSURANCE" herein.

[INSERT INSURER LOGO]

**The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full**

**faith and credit of the Authority, the City nor any member of the Authority is pledged for the payment of the principal of or interest on the Bonds or for the payment of Base Rental Payments. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Base Rental Payments constitutes a debt, liability or obligation of the Authority, the City or any member of the Authority for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision on the Bonds.

*The Bonds are offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and subject to certain other conditions. Orrick, Herrington & Sutcliffe LLP has also served as Disclosure Counsel. Certain legal matters will be passed upon for the Authority and for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Nossaman LLP. It is expected that the Bonds will be available for delivery through the DTC book-entry system on or about \_\_\_\_\_, 2016.*

**[PIPER JAFFRAY LOGO]**

Dated \_\_\_\_\_, 2016.

\* Preliminary, subject to change.

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES,  
YIELDS, PRICE AND CUSIP NUMBERS**

\$ \_\_\_\_\_ \*

**Lincoln Public Financing Authority  
Lease Revenue Refunding Bonds  
Series 2016A**

<b>Maturity Date (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>†</sup></b>
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_%; CUSIP No.<sup>†</sup> \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_%; CUSIP No.<sup>†</sup> \_\_\_\_\_

\$ \_\_\_\_\_ \*

**Lincoln Public Financing Authority  
Lease Revenue Refunding Bonds  
Series 2016B  
(Federally Taxable)**

<b>Maturity Date (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>†</sup></b>
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_%; CUSIP No.<sup>†</sup> \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_%; CUSIP No.<sup>†</sup> \_\_\_\_\_

\* Preliminary, subject to change.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, change.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under, the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which such an offer, solicitation or sale would be unlawful.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof. This Official Statement, including any supplement or amendment thereto, is intended to be deposited with one or more nationally recognized municipal securities information repositories.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The Underwriter has advised that securities products and services are offered through Piper Jaffray & Co., member SIPC and NYSE, Inc.

**NOT FDIC INSURED**

**NO BANK GUARANTEE**

**MAY LOSE VALUE**

**CITY OF LINCOLN, CALIFORNIA**

**City Council and Lincoln Public Financing Authority Governing Board**

Spencer Short  
*Mayor*

Peter Gilbert  
*Mayor Pro Tem*

Paul Joiner  
*Councilmember*

Gabriel Hydrick  
*Councilmember*

Stan Nader  
*Councilmember*

**City and Authority Staff**

Matthew Brower  
*City Manager*

Steven Ambrose  
*Director of Support Services*

Kronick Moskovits Tiedemann & Girard  
*City Attorney*

Gwen Scanlon  
*City Clerk*

**Trustee**

U.S. Bank National Association  
*San Francisco, California*

**Financial Advisor**

Public Financial Management, Inc.  
*San Francisco, California*

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP

**Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP

**Verification Agent**

[\_\_\_\_\_]



## OFFICIAL STATEMENT

\$ \_\_\_\_\_\*  
**Lincoln Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2016A**

\$ \_\_\_\_\_\*  
**Lincoln Public Financing Authority**  
**Lease Revenue Refunding Bonds**  
**Series 2016B**  
**(Federally Taxable)**

### INTRODUCTION

*This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined herein shall have the respective meanings assigned to them elsewhere in this Official Statement.*

#### **Purpose**

The purpose of this Official Statement, including the appendices hereto, is to furnish information regarding the issuance and sale by the Lincoln Public Financing Authority (the “Authority”) of \$ \_\_\_\_\_\* aggregate principal amount of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”) and the Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) (the “Series 2016B Bonds” and, together with the Series 2016A Bonds, the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement (the “Trust Agreement”) between the Authority and U.S. Bank National Association, as trustee thereunder (the “Trustee”). The Bonds will be issued in full conformity with the Constitution and laws of the State of California (the “State”), including the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended from time to time.

The primary purpose of issuing the Bonds is to provide funds for the refinancing of certain City capital improvements described herein (the “Project”) by the City of Lincoln, California (the “City”). See “THE PLAN OF REFINANCE AND THE LEASED PROPERTY” herein. Proceeds of the Bonds will also be used to establish a reserve fund for the Bonds or pay the costs of a surety bond and pay costs of issuance incurred in connection with the issuance, sale and delivery of the Bonds.

Pursuant to a Site Lease (the “Site Lease”), between the City, as lessor and the Authority, as lessee, the City will lease to the Authority certain real property and the improvements thereon (the “Leased Property”). Concurrently, the Authority will lease the Leased Property to the City pursuant to a Facility Lease (the “Lease”) between the Authority, as lessor and the City, as lessee. See “THE PLAN OF REFINANCE AND THE LEASED PROPERTY – The Leased Property” herein.

#### **Sources of Payment for the Bonds**

The Bonds are limited obligations of the Authority payable solely from and secured solely by the Revenues (as hereinafter defined) and certain other amounts pledged therefor in the Trust Agreement. “Revenues” consist primarily of the Base Rental Payments payable by the City pursuant to the Lease for

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\* Preliminary, subject to change.

the use and occupancy of the Leased Property. Under the Trust Agreement, the Authority will assign to the Trustee all of the Revenues and all of the rights of the Authority in the Lease (except for the right to receive any Additional Payments to the extent payable to the Authority and certain rights to indemnification set forth therein).

The Base Rental Payments are designed to be sufficient in both time and amount to pay, when due, the principal of and interest on the Bonds. The City has covenanted in the Lease to take such action as may be necessary to include the Base Rental Payments in its annual budget and has further covenanted to make the necessary annual appropriations for all such Base Rental Payments. However, the amount of Base Rental Payments which the City is obligated to pay under the Lease will be adjusted or abated during any period in which, by reason of damage or destruction (other than by condemnation), there is substantial interference with the City's use and occupancy of the Leased Property. Such adjustment or abatement will end with the substantial completion of the work of repair or reconstruction of the Leased Property. See "RISK FACTORS - Abatement." The obligation of the City to pay the Base Rental Payments does not constitute an obligation for which the City is obligated to pledge any form of taxation or for which the City has pledged any form of taxation. The obligation of the City to pay the Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The City has assumed responsibility under the Lease for the operation, maintenance and repair of the Leased Property, and is required to maintain or cause to be maintained insurance on the Leased Property, including title insurance, fire and extended coverage, comprehensive public liability and property damage insurance, and rental income interruption insurance with respect to property damage risks in an amount sufficient to pay the maximum annual Base Rental Payments for any two year period. See "SOURCES OF PAYMENT FOR THE BONDS" herein.

[Payment of principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by [\_\_\_\_\_] (the "Series 2016 Bond Insurer") simultaneously with the delivery of the Bonds.][The City has applied for municipal bond insurance to secure the scheduled payment of principal of and interest on the Bonds when due. The City expects to supplement this Preliminary Official Statement prior to pricing the Bonds if and when it receives an acceptable commitment for municipal bond insurance.] See "BOND INSURANCE" herein.

### **The City**

For certain information concerning the City, including the City's current financial situation, see "THE CITY – Financial Position of the City," and Appendix A - "AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

### **Summaries Not Definitive; Definitions**

Brief descriptions of the Bonds, the Authority, the City, the Project and the Leased Property are included in this Official Statement, together with summaries of the Trust Agreement and the Lease. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Trust Agreement, the Lease and the Site Lease are qualified in their entirety by reference to the actual documents or with respect to the Bonds, the form of which is included in the Trust Agreement. Copies of all such documents are available for inspection at the corporate trust office of the Trustee in San Francisco, California.

Definitions of certain capitalized terms used in this Official Statement and not otherwise defined herein or in Appendix C hereto shall have the meanings set forth in the Trust Agreement and the Lease.

The summaries of and references contained herein to the Trust Agreement, the Bonds, the Lease, statutes and other documents do not purport to be comprehensive or definitive and are qualified by reference to each such document, instrument or statute.

### **Continuing Disclosure**

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data and to provide notices of the occurrence of certain enumerated events in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE.”

### **Other General Fund Obligations**

The City has other obligations payable from its general fund and may enter into additional obligations payable from its general fund in the future. For additional detail, see Note 7 (“Long-Term Liabilities”) in Appendix A – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015.”

## **THE PLAN OF REFINANCE AND THE LEASED PROPERTY**

### **Refinanced City Capital Facilities**

A portion of the proceeds of the Bonds, together with other available moneys, will be applied to the refinancing of the following completed City capital improvements (the “Refinanced Capital Improvements”):

(a) the capital improvements financed through a Facility Lease, dated as of July 1, 2003, between the Authority and the City (the “2003 Lease”) and the Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 (the “Series 2003 Bonds”) payable from certain lease payments to be made by the City pursuant to the 2003 Lease;

(b) the capital improvements financed through a Facility Lease, dated as of July 1, 2006, between the Authority and the City (the “2006 Lease”) and the Authority Lease Revenue Bonds (City Hall Project), Series 2006 (the “Series 2006 Bonds”) payable from certain lease payments to be made by the City pursuant to the 2006 Lease; and

(c) the capital improvements financed through a Lease and Leaseback Agreement, dated as of July 8, 2008, between CaLease Public Funding Corporation and the City (the “2008 Lease” and, together with the 2003 Lease and the 2006 Lease, the “Prior Obligations”).

The proceeds of the Bonds will be deposited in accordance with one or more escrow agreements by and between the City and U.S. Bank National Association, as escrow agent (the “Escrow Agent”) in a special fund or funds to be held by the Escrow Agent (the “Escrow Fund”). The amounts deposited in the Escrow Fund will be [used to purchase non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America (collectively, the “United States Obligations”), the principal of and interest on which (together with any uninvested amount)][held uninvested in an amount which] will be sufficient to enable the Escrow Agent, to pay the redemption or prepayment price of the Prior Obligations, which amounts shall be held in trust by the Escrow Agent for the holders of the Prior Obligations.

The sufficiency of the amounts deposited into and of the investments held in each Escrow Fund to effect refunding of the Prior Obligations will be verified by the Verification Agent (defined herein). See “ESCROW VERIFICATION” herein.

### **The Leased Property**

The Leased Property consists of the City administrative headquarters, an approximately 60,000 square foot, four-story building located in the City’s downtown area built in [2006] that houses the City Council chambers, the City Manager’s office, the Economic Development Department, the Finance Department, the Community Development Department, the Public Works Department and all other City administrative offices except the police and fire departments. No other property of the City or the Authority will initially be subject to the Lease. Under the Lease and the Trust Agreement, the City may change, or substitute other capital facilities for, the Project as the Leased Property. See Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Facility Lease – Substitution.”

[The City and the Western Placer Unified School District (the “District”) have entered into a Joint Use Agreement (the “Agreement”) through which the District will occupy the fourth floor of the Leased Property. Pursuant to the Agreement, the District has agreed that all of its rights granted under the Agreement to use and/or occupy the Project are subject to the rights and remedies of the owners of the Bonds, the Series 2016 Bond Insurer and the Trustee. The District has no liability, obligation or responsibility for payment of the Bonds.]

### **ESTIMATED SOURCES AND USES OF PROCEEDS**

The proceeds of the sale of the Bonds are estimated to be applied as shown below:

<u>Sources of Funds:</u>	<u>Series 2016A</u>	<u>Series 2016B</u>
Principal Amount of Bonds		
Net Original Issue Discount		
Total Sources		
<u>Uses of Funds:</u>		
Deposit to Escrow Fund		
Deposit to Reserve Fund/Reserve Surety		
Deposit to Costs of Issuance Fund <sup>(1)</sup>		
Total Uses		

<sup>(1)</sup> Costs of Issuance includes Underwriter’s discount, legal fees, advisory fees, bond insurance premium, [reserve surety premium,] printing costs and other miscellaneous expenses.

### **THE BONDS**

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds will be dated the date of delivery and will mature on August 1 in each of the years and in the amounts, and

will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the per annum rates, set forth on the inside cover page hereof.

The Bonds will be delivered in fully registered form only and, when issued, will be authenticated and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Trust Agreement. DTC will act as Securities Depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only, in the denominations of \$5,000 principal amount or any integral multiple thereof. Purchasers will not receive certificates representing their interests in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its Participants for subsequent disbursement to indirect participants and beneficial owners of the Bonds as described herein. See “THE BONDS -Book-Entry System” below.

Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2017 (each, an “Interest Payment Date”). The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or before the fifteenth day of the month immediately preceding the first Interest Payment Date (a “Record Date”), in which event they shall bear interest from the date of delivery; provided, however, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made on the Interest Payment Date to the person whose name appears in the Bonds registration books kept by the Trustee as the registered owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of a Holder of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners of the Bonds shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds and so long as DTC or Cede & Co., as nominee of DTC, is the registered owner of the Bonds, disbursement of payments of principal and interest on the Bonds to DTC’s participants is the responsibility of DTC, and disbursements of such payments to the beneficial owners is the responsibility of DTC’s participants and indirect participants, as more fully described herein. See “THE BONDS - Book-Entry System.”

### **Redemption\***

The Bonds are subject to extraordinary redemption, mandatory sinking account redemption and optional redemption as described below.

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\* Preliminary, subject to change.

### *Extraordinary Redemption*

The Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole, or in part by lot within each stated maturity in integral multiples of five thousand dollars (\$5,000) principal amount from prepayments made by the City pursuant to the Lease from certain insurance and eminent domain proceeds, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. See "SOURCES OF PAYMENT FOR THE BONDS – Insurance Proceeds" and "– Eminent Domain Proceeds." See also Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Facility Lease – Prepayment." Whenever less than all of the outstanding Bonds are to be redeemed on any one date, the Trustee shall select the Bonds to be redeemed in part from the outstanding Bonds so that the aggregate annual Debt Service on Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual Debt Service on Bonds Outstanding prior to such redemption date.

*Mandatory Sinking Account Redemption of Series 2016A Bonds*

The Series 2016A Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking account redemption prior to maturity, in part on August 1 of each year, on and after August 1, 20\_\_, by lot, from and in the amount of the Mandatory Sinking Account Payments at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, as follows:

**Series 2016A Term Bonds of August 1, 20\_\_**

<b><u>Date</u></b> <b><u>(August 1)</u></b>	<b><u>Mandatory Sinking</u></b> <b><u>Account Payment</u></b>
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\* Maturity Date.

The Series 2016A Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking account redemption prior to maturity, in part on August 1 of each year, on and after August 1, 20\_\_, by lot, from and in the amount of the Mandatory Sinking Account Payments at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, as follows:

**Series 2016A Term Bonds of August 1, 20\_\_**

<b><u>Date</u></b> <b><u>(August 1)</u></b>	<b><u>Mandatory Sinking</u></b> <b><u>Account Payment</u></b>
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\* Maturity Date.

*Mandatory Sinking Account Redemption of Series 2016B Bonds*

The Series 2016B Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking account redemption prior to maturity, in part on August 1 of each year, on and after August 1, 20\_\_, by lot, from and in the amount of the Mandatory Sinking Account Payments at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, as follows:

**Series 2016B Term Bonds of August 1, 20\_\_**

<b><u>Date</u></b> <b><u>(August 1)</u></b>	<b><u>Mandatory Sinking</u></b> <b><u>Account Payment</u></b>
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\* Maturity Date.

The Series 2016B Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking account redemption prior to maturity, in part on August 1 of each year, on and after August 1, 20\_\_, by lot, from and in the amount of the Mandatory Sinking Account Payments at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, as follows:

**Series 2016B Term Bonds of August 1, 20\_\_**

<b><u>Date</u></b> <b><u>(August 1)</u></b>	<b><u>Mandatory Sinking</u></b> <b><u>Account Payment</u></b>
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\$

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\* Maturity Date.

*Optional Redemption of Series 2016A Bonds*

The Series 2016A Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to their respective stated maturities at the written direction of the Authority, from moneys deposited by the Authority or the City from optional prepayments made by the City pursuant to the Lease, as a whole or in part on any date on or after August 1, 20\_\_ (in such maturities as are designated in writing by the Authority to the Trustee), at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the date fixed for redemption.

*Optional Redemption of Series 2016B Bonds*

[The Series 2016B Bonds are subject to optional redemption by the Authority prior to their respective stated maturity dates as a whole or in part on any date from any source of available funds, upon mailed notice as provided herein, at a redemption price equal to the Make-Whole Premium.

The term “Make-Whole Premium” means, with respect to the Series 2016B Bonds, a prepayment premium with respect to Called Principal equal to the excess, if any, of the Discounted Value over the sum of (a) the Called Principal plus (b) interest accrued thereon as of (including interest due on) the redemption date with respect to the Called Principal. The Make-Whole Premium will in no event be less than zero. “Called Principal” means, with respect to the Series 2016B Bonds, the principal amount of the Series 2016B Bonds being redeemed with respect to which a Make-Whole Premium is required to be paid. “Discounted Value” means with respect to the Series 2016B Bonds, the amount obtained by discounting all Remaining Scheduled Payments with respect to Called Principal from their scheduled due dates to the Settlement Date with respect to the Called Principal, in accordance with accepted financial



practice and at a discount factor (applied on a semi-annual basis) equal to the Reinvestment Yield with respect to the Called Principal.

“Reinvestment Yield” means, with respect to the Series 2016B Bonds and with respect to Called Principal, the sum of the spread of [\_\_\_\_] basis points plus the yield to maturity implied by the Treasury Constant Maturity Series yields reported, for the latest day for which such yields have been so reported as of the business day next preceding the Settlement Date with respect to the Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded United States Treasury securities having a constant maturity equal to the Remaining Average Life of the Called Principal as of the Settlement Date. The implied yield will be determined, if necessary, by converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and then interpolating linearly between (a) the actively traded U.S. Treasury security with the maturity closest to, and greater than, the Remaining Average Life of the Called Principal and (b) the actively traded U.S. Treasury security with the maturity closest to, and less than, the Remaining Average Life of the Called Principal.

“Remaining Average Life” means, with respect to the Series 2016B Bonds and with respect to Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing the Called Principal into the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of the Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to the Called Principal and the scheduled due date of the Remaining Scheduled Payment. The term “Remaining Scheduled Payments” means, with respect to the Series 2016B Bonds and with respect to Called Principal, all payments of the Called Principal and interest thereon that would be due on or after the Settlement Date with respect to the Called Principal if no payment of the Called Principal were made before its scheduled due date.]

#### *Selection of Bonds of a Maturity for Redemption*

If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption. For purposes of such selection, the Bonds shall be deemed to be composed of \$5,000 multiples of principal or any such multiple may be separately redeemed. If a term Bond is to be partially redeemed, the unpaid Mandatory Sinking Account Payments relating thereto shall be reduced on a pro rata basis as nearly as practicable given the minimum denomination provisions of the Trust Agreement.

#### **Notice of Redemption**

Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the redemption date to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption shall state the date of such notice, the redemption price, if any (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of the Bonds to be redeemed in part only, the respective portions of the principal amount to be redeemed. Each such notice shall also state that, unless the redemption is cancelled, on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount to be redeemed, together with interest accrued thereon to the redemption date, and that from and

after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice shall not invalidate any of the proceedings taken in connection with such redemption. Any redemption may be cancelled if the notice of same has not been mailed to the registered Holders or if such notice expressly conditions the redemption upon the occurrence of one or more events. Any such cancellation shall be given by notice in the same manner as the notice of redemption at least three business days prior to the date scheduled for redemption.

### **Effect of Redemption**

If notice of redemption has been given, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption are being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable and from and after the date so designated, interest on the Bonds so called for redemption will cease to accrue and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. All Bonds redeemed pursuant to the provisions of the Trust Agreement will be canceled by the Trustee upon surrender thereof and destroyed.

### **Transfer and Exchange of Bonds**

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers of interests in the Bonds must be made under the DTC system by or through Direct Participants, as described below under the caption “Book Entry System.”

### **Book-Entry System**

Unless a successor securities depository is designated pursuant to the Trust Agreement, or the use of a book-entry system for the Bonds is discontinued, The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers,

banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE TRUSTEE, THE CITY AND THE AUTHORITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNER OF THE BONDS UNDER THE TRUST AGREEMENT; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION "TAX MATTERS" HEREIN).

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest with respect to the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

### **Discontinuance of Book-Entry System**

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Trust Agreement.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Trust Agreement and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

## **SOURCES OF PAYMENT FOR THE BONDS**

### **General**

The Bonds are limited obligations of the Authority payable solely from and secured solely by the Revenues pledged under the Trust Agreement, together with amounts on deposit from time to time in the funds and accounts held by the Trustee, including proceeds of the sale of the Bonds. "Revenues" means (i) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Lease (but not Additional Payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Trust Agreement or the Lease (other than the Rebate Fund).

Under the Trust Agreement, the Authority irrevocably pledges to the Trustee for payment of the interest and premium, if any, on and principal of the Bonds all Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund), and agrees with the Trustee that the Revenues are not to be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. The pledge under the Trust Agreement constitutes a pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding other amounts on deposit in the Rebate Fund) for the payment of the interest on and principal of the Bonds in accordance with the terms under the Trust Agreement. The Authority also assigns to the Trustee all of the Authority's rights and remedies under the Lease.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES AND OTHER MONEYS PLEDGED THERETO IN THE TRUST AGREEMENT. THE BONDS ARE NOT A DEBT OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS AND NEITHER THE AUTHORITY, THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS, EXCEPT THE AUTHORITY TO THE EXTENT DESCRIBED HEREIN, IS LIABLE THEREON. IN NO EVENT SHALL THE BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE TRUST AGREEMENT. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

### **Base Rental Payments**

The Lease requires the City to deposit with the Trustee, as assignee of the Authority, 15 days prior to each February 1 and August 1, commencing February 1, 2017 (the "Base Rental Payment Dates") an amount equal to the aggregate Base Rental Payment coming due and payable on each such Base Rental Payment Date. The Base Rental Payments are calculated to be sufficient to pay, when due, the principal of and interest on the Bonds. The Base Rental Payments payable in any Base Rental Payment period constitute payment for the use and occupancy of the Leased Property during such period.

The obligation of the City to make Base Rental Payments is payable from annual appropriations of the City from funds lawfully available therefor. The obligation of the City to make Base Rental Payments under the Lease does not constitute an obligation of the City for which the City is obligated to

levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the full faith and credit nor the taxing power of the City, the State or any of its political subdivisions is pledged to make Base Rental Payments under the Lease.

Pursuant to the Lease, the City covenants to take such action as may be necessary to include all Base Rental Payments due thereunder in its annual budgets and to make annual appropriations therefor. As provided in the Lease, the covenants of the City thereunder shall be deemed by the City to be and shall be duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and to do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

California law requires, and the Lease provides, that the Base Rental Payments shall be abated in whole or in part during any period in which there is substantial interference with the use and occupancy of the Leased Property by the City due to damage, destruction or taking in eminent domain proceedings. Under these circumstances, failure to make any Base Rental Payment will not be an event of default under the Lease. See “RISK FACTORS - Abatement.”

The ability of the City to pay the Base Rental Payment when due is dependent on the financial condition of the City. See “THE CITY – Financial Position of the City” for more information on the City’s finances.

## **Reserve Fund**

A Reserve Fund is established within the Revenue Fund under the Trust Agreement in an amount equal to the Reserve Requirement, which is an amount equal to the least of (i) 10% of the initial offering price of the Bonds to the public, (ii) 125% of the average annual Debt Service on all Outstanding Bonds, or (iii) maximum annual Debt Service on all Outstanding Bonds. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund.

The Authority may satisfy the Reserve Fund Requirement at any time by the deposit with the Trustee for the credit of the Reserve Fund of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof, [subject to the consent of any Bond Insurer insuring the Bonds or any Additional Bonds]. A surety bond or insurance policy issued to the Trustee, on behalf of the Owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a “municipal bond insurer”) may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of such municipal bond insurer shall be rated at least “[Aa3]” by Moody’s Investors Service, Inc. or “[AA-]” by S&P Global.

A letter of credit may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, subject to the consent of any Bond Insurer insuring the Bonds or any Additional Bonds, provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody’s Investors Service, Inc. and Standard & Poor’s Rating Services, but in no event less than the rating on the Bonds given by any rating agency which has a then effective rating on the Bonds.

If the Authority replaces a cash-funded Reserve Fund, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements above, amounts on deposit in the Reserve Fund shall, upon written request of the Authority to the Trustee, be transferred, subject to the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Bonds to be included in gross income for purposes of federal income taxation, to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements.

### **Casualty Insurance**

The Lease requires the City to procure or cause to be procured and maintained throughout the term of the Lease, insurance against loss or damage to any structures or personal property constituting any part of the Leased Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance, and sprinkler system leakage insurance and boiler explosion insurance. The extended coverage insurance shall, to the extent practicably available, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance must be in an amount equal to the lesser of (i) the replacement cost (without deduction for depreciation, except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$50,000) of all structures constituting any part of the Leased Property, excluding the cost of excavations, of grading and filling, and of the land, and (ii) the amount necessary, in the event of total or partial loss, to enable all the remaining Base Rental Payments to be paid. As an alternative to providing the insurance described above in this paragraph, the City may provide a self-insurance method or plan of protection upon the satisfaction of certain conditions contained in the Lease. See Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Facility Lease – Insurance.”

### **Rental Interruption Insurance**

The Lease requires the City to procure or cause to be procured and maintained throughout the term of the Lease rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Property as the result of any of the hazards covered by the casualty insurance required under the Lease, in an amount sufficient to pay the total rent under the Lease for the two-year period during which such rent is a maximum, except that such insurance may be subject to a deductible clause not to exceed \$50,000.

### **Title Insurance**

The Lease requires the City to obtain and deliver, on the delivery date of the Bonds, title insurance on the Leased Property, in an amount not less than the initial principal amount of the Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances, as described in “Appendix C – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Facility Lease – Definitions.” Proceeds of such insurance shall be delivered to the Trustee as a prepayment of rent and shall be applied by the Trustee to the redemption of Bonds. See “THE BONDS - Redemption.”

### **Liability Insurance**

Except as described in the paragraph immediately below, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Lease a standard comprehensive general liability (including automobile liability) insurance policy or policies in protection of the Authority and its directors, officers, agents and employees, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned

by reason of the operation of the Leased Property, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or death of two or more persons in each accident or event, and in a minimum amount of \$200,000 (subject to a deductible clause of not to exceed \$50,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing the insurance required by the immediately preceding paragraph, the City, with the written consent of the Authority, may provide a self-insurance method or plan of protection, but only if (i) the City obtains and provides to the Authority and the Series 2016 Bond Insurer a certificate of an Insurance Consultant (as that term is defined in the Lease) to the effect that such insurance method and plan (and the amount contained in the related self-insurance fund) is actuarially sufficient to provide coverages in the scope and amounts contemplated by the paragraph immediately above, and (ii) the self-insurance fund is held in a separate trust fund by an independent trustee. In the event such a certificate is so obtained and delivered, the self-insurance method or plan described therein may be continued, but only for a period of one year after the date of any certificate of an Insurance Consultant, and thereafter for annual periods so long as there is a new certificate of Insurance Consultant obtained and delivered to the Authority and the Series 2016 Bond Insurer at annual intervals.

### **Worker's Compensation Insurance**

The Lease requires the City to maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in the State, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

### **Insurance Proceeds**

If any part of the Leased Property covered by insurance is damaged or destroyed, the Authority, except as described below, is required to utilize the insurance proceeds for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Property. Under the Trust Agreement, the Trustee is required to hold the insurance proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds. The insurance proceeds are to be applied to the repair, reconstruction or replacement of the Leased Property to at least the same good order, repair and condition as it was in prior to the damage or destruction, to the extent that can be accomplished with such proceeds. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be treated by the Trustee as Base Rental Payments.

If the proceeds of such insurance together with any other available moneys are sufficient to prepay all, in case of damage or destruction in whole of the Leased Property, or that portion, in the case of partial damage or destruction of the Leased Property, of the Base Rental Payments relating to the damaged or destroyed portion of the Leased Property, the City may instead elect not to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property. If the City makes that election, it is required to use such proceeds for the redemption of Outstanding Bonds pursuant to the Trust Agreement. See "THE BONDS – Redemption – Extraordinary Redemption." The City may not apply the proceeds of insurance to redeem the Bonds in part due to damage or destruction of a portion of the Leased Property unless the Authority certifies that the Base Rental Payments on the undamaged portion of the Leased



Property will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

If the Leased Property or portion thereof cannot be repaired or replaced during the period of time during which rental interruption insurance is available and Reserve Fund and Revenue Fund moneys are insufficient, the Base Rental Payments with respect to the Leased Property or portion thereof will be abated and the City will have no legal obligation to pay the abated amount. See “RISK FACTORS - Abatement,” below. No assurance can be given that available insurance proceeds will be sufficient under all circumstances to repair or replace any damaged or taken portion of the Leased Property as a whole or to prepay all Base Rental Payments with respect to the Leased Property. Also, the City makes no representation as to the sufficiency of any insurance awards or the adequacy of any self-insurance to pay, when and as due, amounts payable under the Lease or the Bonds.

### **Eminent Domain Proceeds**

If all of the Leased Property or so much of it as to render the remainder unusable for City’s then-intended purposes is taken under the power or threat of eminent domain, the Lease will terminate when possession is taken. If less than all of the Leased Property is taken under the power or threat of eminent domain and the remainder is usable for the City’s then-intended purposes, then the Lease will continue in full force and effect as to such remainder. In such event there will be a partial abatement of the rental due under the Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the eminent domain award to the redemption of Outstanding Bonds, and the City will have no legal obligation to pay the abated amount. See “RISK FACTORS - Abatement,” below. No assurance can be given that any eminent domain proceeds will be sufficient to avoid partial abatement.

So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof is to be paid to the Trustee and applied to the prepayment of the Base Rental Payments. See “THE BONDS – Redemption – Extraordinary Redemption.” Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, is to be paid to the City.

### **Remedies Upon Default**

[So long as the Series 2016 Bond Insurer is not in default under its bond insurance policy, the Series 2016 Bond Insurer shall be deemed to be the exclusive owner of the Bonds for purposes of exercising all rights and privileges granted to the Holders of the Bonds for purposes of (i) any approval, consent or waiver with respect to the Bonds, (ii) the institution of any action with respect to the Bonds, (iii) controlling or directing any remedies in an event of default. Subject to the foregoing,] the following is a description of certain rights or remedies available in the event of a default.

If the City defaults under the Lease, the Authority may enforce its remedies thereunder. In general, remedies under the Lease include the right (i) to maintain such Lease in full force and effect and receive all rent from the City as it becomes due or re-let the Leased Property, or (ii) to terminate such Lease and the City’s right of possession and recover damages recoverable at law. The Trust Agreement provides that any Holder of the Bonds may by legal action compel the Authority to carry out its duties under the Lease, including maintaining and enforcing its rights under the Lease. See Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement.” An abatement of rental in accordance with the terms of the Lease due to damage, destruction or eminent domain is not an event of default under the Lease and none of the foregoing remedies is available. See “RISK FACTORS - Abatement.”

While the Lease provides that the Leased Property may be re-let following a default, achieving such a remedy may not be practical due to the lack of a replacement lessee or other reasons. Moreover, although acceleration is a remedy provided in the Trust Agreement, the Base Rental payable pursuant to the Lease may not be accelerated. Therefore, the circumstances under which the Trustee might declare the principal of and accrued interest on the Bonds due and payable immediately are limited. See “RISK FACTORS – Limited Recourse on Default.”

### **Additional Bonds**

The Authority may at any time, with the consent of the Bond Insurer, issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Bonds and any other Additional Bonds theretofore issued under the Trust Agreement, and subject to the following specific conditions, which are thereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement, and no Event of Default shall have occurred and be continuing.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied to the completion of the Leased Property, or for the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds. The Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Bonds during the estimated period of any construction and for a period of not to exceed 12 months thereafter.

(c) The Supplemental Trust Agreement shall provide, if necessary, that from such proceeds or other sources an amount shall be deposited in the Reserve Fund so that following such deposit there shall be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement.

(d) The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

(e) The Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the City under the Trust Agreement in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

Other requirements for the authorization of Additional Bonds are described in Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Trust Agreement – Additional Bonds.”

### **Limitations on the Issuance of Obligations Payable from Revenues**

Under the Trust Agreement, the Authority agrees that it will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except (a) Additional Bonds of any Series authorized pursuant to the Trust Agreement; or (b) obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and Additional Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues

after the prior payment of all amounts then required to be paid under the Trust Agreement from Revenues for principal, premium, interest and reserve fund requirements for the Bonds, as the same become due and payable and at the times and in the manner as required in the Trust Agreement.

## **Bond Insurance**

[The payment of principal of and interest on the Bonds when due will be guaranteed by a financial guaranty insurance policy to be issued by the Series 2016 Bond Insurer concurrently with the delivery of the Bonds.] See “BOND INSURANCE” below.

### **BOND INSURANCE**

*The following information has been furnished by [\_\_\_\_\_] (“[\_\_\_\_\_]” or the “Series 2016 Bond Insurer”) for use in this Official Statement. Reference is made to Appendix F for a specimen of the Bond Insurance Policy. Such information has not been independently confirmed or verified by the Authority or the City. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

#### **[Payment Pursuant to Insurance Policy]**

#### **[Bond Insurer]**

### **RISK FACTORS**

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

#### **No Pledge of Revenues or Lien on Assets of the City**

The Base Rental Payments are not secured by any pledge of or lien on taxes or other revenue of the City, but are payable from all funds lawfully available to the City. The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other obligations before making Base Rental Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues.

The obligation of the City to pay the Base Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental Payments and additional payments does not constitute a debt of the City, the State or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease to make Base Rental Payments from any source of legally available funds (subject to certain exceptions and conditions), and the City has covenanted in the Lease to take such action as may be necessary to include all Base Rental Payments in its annual budgets and annually to appropriate amounts necessary to make such Base Rental Payments. The City is also liable for other obligations payable from any source of legally available funds. See “THE CITY – Financial Position of the City” herein and Appendix A - “AUDITED FINANCIAL STATEMENT FOR FISCAL YEAR ENDED JUNE 30, 2015” hereto.

### **Abatement**

The Base Rental Payments due under the Lease shall be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation) there is substantial interference with the use and occupancy by the City of the Leased Property by the City, in the proportion in which the initial cost of that portion of the Leased Property rendered unusable bears to the initial cost of the whole of the Leased Property. Such abatement shall commence with such damage or destruction and end with the substantial completion of the work of repair or reconstruction. The Base Rental Payments due under the Lease shall also be abated during any period in which by reason of eminent domain there is substantial interference with the use and occupancy by the City of the Leased Property by the City. See “SOURCES OF PAYMENT FOR THE BONDS- “-Eminent Domain Proceeds”.

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, at the time of such abatement, the value of the Leased Property may be substantially higher or lower than its value at the time of issuance of the Bonds. Such a circumstance could have an effect on the amount of rental abated under the Lease and could have a material adverse effect on the security for and payment of the Bonds.

If damage, destruction or eminent domain proceedings with respect to the Leased Property results in abatement of the Base Rental Payments related to such Leased Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), eminent domain proceeds, if any, and moneys available in the Revenue Fund or Reserve Fund, are insufficient to make all payments of principal of and interest on the Bonds during the period that the Leased Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease and the Trust Agreement, no remedy is available to the Holders of the Bonds for nonpayment under such circumstances.

### **Seismic Considerations**

The area in and surrounding the City, like all California communities, may be subject to unpredictable seismic activity. If severe seismic activity occurred in or around the City, there could be substantial damage to and interference with the City’s right to use and occupy all or a portion of the Leased Property, which could result in abatement of Base Rental Payments. See “RISK FACTORS – Abatement.” The City is not required to maintain earthquake insurance.

### **General Economic Conditions**

The City’s financial condition is dependent in large part upon the general state of the local, regional and national economy. In addition, factors causing a general economic downturn could have a

continuing negative impact on the City's financial condition. See "THE CITY – Financial Position of the City" herein.

### **Limited Recourse on Default**

If the City defaults on its obligations to make Base Rental Payments with respect to the Leased Property, the Trustee, as assignee of the Authority, may (subject to the restrictions described herein) retain the Lease and hold the City liable for all Base Rental Payments on an annual basis and will have the right to re-enter and re-let the Leased Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Alternatively, the Trustee may terminate the Lease with respect to the Leased Property and proceed against the City to recover damages pursuant to the Lease. However, the Trustee may not sell or foreclose the Leased Property to obtain money for payment of the principal of or interest on the Bonds in the event of a default. See also "-No Acceleration Upon Default" below.

Due to the specialized nature of the Leased Property, no assurance can be given that the Trustee will be able to re-let any portion of the Leased Property so as to provide rental income sufficient to make principal and interest payments with respect to the Bonds in a timely manner, and the Trustee is not empowered to sell the Leased Property for the benefit of the Owners of the Bonds. In addition, due to the governmental function of the Leased Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

### **No Acceleration Upon Default**

If the City defaults on its obligations to make Base Rental Payments, the Trustee may have limited ability to re-let the Leased Property so as to preserve the tax exempt nature of the interest on the Bonds. In the event of default, there is no remedy of acceleration of any Base Rental Payments which have not come due and payable in accordance with the Lease. The City will continue to be liable for lease payments as they become due and payable in accordance with the Lease if the Trustee does not terminate the Lease, and the Trustee is required to seek a separate judgment each year for that year's defaulted Base Rental Payments. Any such suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds or property needed to serve the public welfare and interest.

### **No Liability of Authority to the Owners**

Except as expressly provided in the Trust Agreement, the Authority shall not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

## **CERTAIN LIMITATIONS ON TAXES AND APPROPRIATIONS**

While the Lease does not obligate the City to impose any new taxes or increase any existing taxes to pay Base Rental Payments, limitations on the City's ability to impose taxes or appropriate funds could adversely affect the City's ability to raise and spend revenues. In such event, City funds which would otherwise be available absent such limitation might not be available to make Base Rental Payments. The

following is a description of certain legal limitations related to the City's ability to impose taxes or appropriate funds.

### **Article XIII A of the State Constitution**

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Section 2 of Article XIII A defines "full cash value" to mean "the County assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment could serve to reduce the property tax revenues of the City. Other amendments permitted the State Legislature to allow persons over 55 or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same city, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

## **Article XIII B of the State Constitution**

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior Fiscal Year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The “base year” for establishing this appropriations limit is the 1978-79 fiscal year, and the limit is adjusted annually to reflect changes in population, consumer prices and certain increases or decreases in the cost of services provided by the applicable public agency.

Appropriations of an entity of local government subject to Article XIII B generally include authorizations to expend during a Fiscal Year the proceeds of taxes levied by or for the entity and the proceeds of State subventions, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues, most State subventions and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost reasonably borne by such entity) and (2) the investment of tax revenues. Article XIII B provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two years.

Article XIII B does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose. Furthermore, in 1990, Article XIII B was amended to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature” from proceeds of taxes. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds \$100,000. As a result of this amendment, the appropriations to pay the lease payments on the City’s long-term General Fund lease obligations (including the Base Rental Payments) are generally excluded from the City’s appropriations limit.

## **Articles XIII C and XIII D of the State Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote. Further, any general purpose tax which the City imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held within two years after November 5, 1996. The voter approval requirements of Article XIII C reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIII D, over and above any general benefits conferred, (iii) a

majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Article XIID conditions the imposition or increase of any “fee” or “charge” upon there being no written majority protest after a required public hearing and, for fees and charges other than for sewer, water or refuse collection services, voter approval. Article XIID defines “fee” or “charge” to mean levies (other than ad valorem or special taxes or assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” One of the requirements of Article XIID is that before a property related fee or charge may be imposed or increased, a public hearing upon the proposed fee or charge must be held and mailed notice sent to the record owner of each identified parcel of land upon which the fee or charge is proposed for imposition. In the public hearing, if written protests of the proposed fee or charge are presented by a majority of the owners of affected identified parcel(s), an agency may not impose the fee or charge.

Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s operations could be adversely affected.

The City believes its fees, charges, assessments and taxes are in compliance with Articles XIIC and XIID.

## **Proposition 22**

In November 2010, California voters adopted Proposition 22 (“Proposition 22”), which prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. [The City is unable to predict how Proposition 22 will be interpreted, or to what extent the measure will affect the revenues in the general fund of local agencies, although it could eventually provide greater stability in local agency revenues.]

## **Proposition 26**

On November 2, 2010, the voters of the State approved Proposition 26 (“Proposition 26”), which revises certain provisions of Articles XIII A and XIIC of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010, with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.



Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Article XIII D. Fees, charges and payments that are made pursuant to a voluntary contract that are not “imposed by a local government” are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a 50% voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

## **Proposition 62**

A statutory initiative (“Proposition 62”) was adopted by the voters voting in the State at the November 4, 1986 General Election which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency’s legislative body and by a majority of the electorate of the governmental entity, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction, (3) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (4) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after March 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. On September 28, 1995, however, the California Supreme Court, in *Santa Clara City Local Transportation Authority v. Guardino*, upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local

governmental or district to impose any general tax. The *Santa Clara* decision did not address the question of whether or not it should be applied retroactively.

In response to the *Santa Clara* decision, the California Legislature adopted Assembly Bill 1362, which provided that the *Santa Clara* decision should apply only prospectively to any tax that was imposed or increased by an ordinance or resolution adopted after December 14, 1995. Assembly Bill 1362 was vetoed by the Governor, hence the application of the *Santa Clara* decision on a retroactive basis remains unclear.

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. However, Proposition 218, as a constitutional amendment and supersedes many of the provisions of Proposition 62.

The City does not believe that it imposes any tax or fee which is subject to the provisions of Proposition 62.

### **Proposition 1A**

Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, as of July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

### **Future Initiatives**

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other

initiative measures could be adopted, further affecting the City's revenues or the City's ability to expend revenues.

## **THE AUTHORITY**

The Lincoln Public Financing Authority was established pursuant to a Joint Exercise of Powers Agreement dated April 1, 1990, by and between the City and the Redevelopment Agency of the City of Lincoln, as succeeded by the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln (the "Agency") in accordance with provisions of the California Joint Exercise of Powers Act. The Authority was created for the purpose of providing financing for public capital improvements of the City and the Agency.

The Authority has no independent staff and consequently will be dependent upon the City's officers and employees to administer the Bonds on its behalf. The Governing Board of the Authority is comprised of the members of the City Council of the City.

## **THE CITY**

### **General**

The City of Lincoln, California (the "City") was incorporated in 1890. It is located in Placer County, California, at the base of the foothills of the Sierra Nevada mountains, approximately 27 miles northeast of Sacramento and 112 miles northeast of San Francisco. The City encompasses approximately 19 square miles and as of January 1, 2016, had an estimated total population of 47,339. See Appendix B - "CITY OF LINCOLN ECONOMIC AND DEMOGRAPHIC INFORMATION."

### **Organization and Governance**

The City is organized under the Constitution and laws of the State of California as a general law municipal corporation. It is governed by a "council-manager" form of government. The City Council is comprised of five members, serving staggered four-year terms. The current composition of the City Council is as follows:

<u>Name and Office</u>	<u>Expiration of Term</u>
Spencer Short, Mayor	November 2016
Peter Gilbert, Mayor Pro Tempore	November 2016
Paul Joiner, Councilmember	November 2016
Gabriel Hydrick, Councilmember	November 2018
Stan Nader, Councilmember	November 2018

The City Council appoints the City Manager, who serves at the pleasure of the City Council. The City Manager is the chief executive officer of the City, responsible for carrying out the policies and programs of the City as directed by the City Council. All City services are under the direction of the City Manager. The City Manager's office also administers the City's personnel functions, oversees economic development activities and records management operations. The City Manager also serves as the

Executive Director of the Successor to the Dissolved Redevelopment Agency of the City of Lincoln and the Executive Director of the Lincoln Public Financing Authority.

Certain members of the current City management are described below:

*Matthew Brower, City Manager.* Mr. Brower was appointed as the City Manager in February 2015. Mr. Brower received his Bachelor of Science degree from the University of Utah, and his Master of Public Administration degree from Florida State University. Prior to his appointment, Mr. Brower served as the City Manager of Ocala Florida, and prior to that served as City Manager for Santa Clara City, Utah. Mr. Brower is a member of the International City County Management Associations.

*Steven Ambrose, Director of Support Services.* Mr. Ambrose was appointed as the Director of Support Services for the City in March 2015. Mr. Ambrose received his bachelor's degree in Accounting from California State University of Sacramento in 1983 and his CPA license in January 1988. He served as a consultant to the City for two years prior to his employment in November 2002. Mr. Ambrose has held various positions in the City prior to his appointment, including Financial Analyst, Assistant Director of Development Services and Administrative Services Director. He is a member of the American Institute for Certified Public Accountants, California Society of CPA's, Government Finance Officers Association and the California Society of Municipal Finance Officers.

## **Financial Position of the City**

### *Assets and Liabilities*

[As of June 30, 2015, the City's investment in capital assets for its governmental and business-type activities totaled \$736,773,896 (net of accumulated depreciation). This investment in capital assets includes land, buildings and facilities, machinery and equipment, park facilities and roads. The City's investment in capital assets decreased during Fiscal Year 2015 by \$3,029,771 or 0.4%.]

[During Fiscal Year 2015, the City's total debt increased by \$12,704,204, or 41.4%, to \$43,397,681. As of June 30, 2015, the City's total debt was comprised of \$20,093,511 in bond debt, \$4,687,145 in other post-employment benefit obligations, \$2,003,598 in capital leases, \$2,058,126 in compensated absences, \$1,105,681 in landfill post-closure liability and \$38,861 in loans payable. The increase in total debt is primarily attributable to an increase in required net pension liability payments.]

### *Revenues and Expenditures*

Total General Fund revenues increased by \$1.33 million over Fiscal Year 2014 to \$15.66 million in Fiscal Year 2015. The increase in revenues is primarily due to increased assessments and an improving economy and increased license and permit revenue due to an increase in development activity within the City.

Expenditures have increased primarily as a result of increases in salaries and benefits of \$0.89 million in Fiscal Year 2015. Total expenditures increased by \$1.2 million, or 9.6%, over Fiscal Year 2014 to \$13.3 million in Fiscal Year 2015.

### *Historical Summary*

The following table presents a historical summary of revenues, expenditures and fund balances for the City's General Fund from fiscal year ended June 30, 2011.

**Table 1**  
**City of Lincoln**  
**Historical Summary of Revenues, Expenditures and Fund Balances**  
**General Fund**  
**(Fiscal Years Ending June 30)**  
**(in 000's)**

	General Fund					
	2011	2012	2013	2014	2015	[2016]
<b>REVENUES</b>						
Taxes and assessments	9,892,712	10,425,512	11,102,867	10,665,149	12,715,968	
Licenses and permits	819,191	133,622	342,071	505,787	661,326	
Fines and penalties	121,573	100,522	79,606	47,909	73,722	
Use of money and property	71,933	67,006	47,185	150,099	68,386	
Intergovernmental revenue	312,978	123,240	229,302	42,143	271,294	
Charges for services	781,634	956,339	1,372,684	2,589,345	1,546,680	
Other	<u>333,601</u>	<u>324,194</u>	<u>688,573</u>	<u>327,147</u>	<u>318,569</u>	
<b>TOTAL REVENUES</b>	12,333,622	12,130,435	13,862,288	14,327,579	15,665,945	
<b>EXPENDITURES</b>						
General government	1,741,633	2,249,529	2,337,743	2,267,077	2,709,685	
Public safety	9,640,148	8,378,080	8,623,479	8,015,231	8,688,582	
Public works and facilities	220,520	274,912	495,947	326,015	300,429	
Culture and recreation	812,219	571,875	741,632	634,643	646,193	
Urban redevelopment and housing	-	-	665,834	510,937	556,739	
Education	545,728	440,276	353,046	384,156	397,620	
Debt Service	-	-	-	65,784	153,766	
Capital outlay	-	-	<u>21,512</u>	<u>582,951</u>	<u>273,079</u>	
<b>TOTAL EXPENDITURES</b>	12,960,248	11,914,672	13,239,193	12,777,794	13,726,093	
<b>EXCESS (DEFC) OF REVENUES OVER EXP.</b>	(626,626)	215,763	623,095	1,549,785	1,929,852	
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	1,430,895	317,773	401,423	362,429	723,874	
Operating transfers out	(397,755)	(203,283)	(803,430)	(1,927,851)	(567,319)	
Proceeds from sale of capital assets	-	-	-	726,942	-	
Debt proceeds	-	-	-	<u>568,873</u>	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	1,033,140	114,490	(402,007)	(269,607)	156,555	
<b>EXCESS (DEF.) OF REV. &amp; OTHER SOURCES OVER EXP. &amp; OTHER USES</b>	406,514	330,253	221,088	1,280,178	2,086,407	
<b>FUND BALANCES (DEFICITS) - Beginning of Year</b>	5,421,111	5,827,625	6,157,878	6,378,966	7,659,144	
Prior period adjustment	-	-	-	-	-	
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor	-	-	-	-	-	
<b>FUND BALANCES (Year)</b>	\$5,827,625	\$6,157,878	\$6,378,966	\$7,659,144	\$9,745,551	

Source: City of Lincoln.

**[Direct and Overlapping Debt]**

The following table shows the direct and overlapping bonded debt and debt ratios for property within the City as of \_\_\_\_\_, 20\_\_.

**CITY OF LINCOLN**  
**Direct and Overlapping Debt**

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*Source: California Municipal Statistics, Inc.*

**[Largest Taxpayers]**

The following table shows the largest taxpayers for Fiscal Year 2015-16.

**CITY OF LINCOLN**  
**Largest Local Secured Taxpayers**  
**Fiscal Year 2015-16**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
Total			

---

*Source: City of Lincoln*

### [Assessed Valuation]

The following table summarizes assessed valuation in the City for Fiscal Years 2011-12 through 2015-16.

#### **CITY OF LINCOLN Assessed Valuations (in thousands)**

<u>Fiscal Year</u>	<u>Secured Value</u>	<u>Public Utility</u>	<u>Unsecured Value</u>	<u>Total Assessed Value</u>
2011-12				
2012-13				
2013-14				
2014-15				
2015-16				

*Source: California Municipal Statistics, Inc.*

### [Retirement Benefit Obligations]

The City contributes to the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disabilities, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through city ordinances. CalPERS may be contacted directly at CalPERS, Lincoln Plaza, 400 P Street, Sacramento, CA 95814, Telephone: 888-225-7377 for information related to CalPERS, including information relating to its financial position and investments.

The City makes two types of contributions for covered employees. The first contribution represents the amount the City is required to make (the employer rate). The second represents an amount, which is made by the employee, but is reimbursed to the employee by the City (the member rate). The member rate is set by contract and normally remains unchanged. The employer rate is an actuarially established rate, is set by CalPERS, and changes from year to year.

A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

All full-time City employees and part-time City employees who have worked over 1,000 hours during a fiscal year are eligible to participate in CalPERS, with benefits vesting after 5 years of service. Employees are designated as safety (police officers and others designated as safety by law) or miscellaneous (all others). The City's payroll for employees covered by CalPERS for the year ended June 30, 2015 was \$\_\_\_\_\_. Total payroll for the City for the year ended June 30, 2016 is projected to be \$\_\_\_\_\_. For the year ended June 30, 2015, the employer contributions recognized as a

reduction to the net pension liability for all the Miscellaneous Plan and Safety Plan were \$1,054,549 and \$1,010,575 respectively.

[Police officers currently reimburse the City 9.0% of their annual salary. Miscellaneous employees currently reimburse the City for the cost of an enhanced benefit at the rate amount of 7.0% of covered salary. Police and miscellaneous employee groups currently reimburse the City for the value of the employer paid member contributions (8% for miscellaneous employees and 9% for safety). The total amount paid by employees towards retirement was \$\_\_\_\_\_, or \_\_\_\_% of the total cost of retirement contributions, in Fiscal Year 2015-16. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.]

The City and miscellaneous and safety employees agreed to create a separate tier benefit for those hired on or after February 13, 2011, in each case through those hired before January 1, 2013, which are subject to PEPPRA (as described below).

The Governor, in September 2012, signed AB 340 and AB 197, two bills which enacted the California Public Employees' Pension Reform Act of 2013 (PEPPRA). AB 340 made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension. Among other things, AB 340 also enacted pension spiking reform for new and existing employees, required three-year averaging of final compensation for new employees, and provided employers with new authority to negotiate cost-sharing agreements with current employees. AB 340 also contained limitations on the use of retired annuitants, requiring that an annuitant have a six-month break in service prior to returning to work.

The legislation created mandatory benefits tiers for new employees who have not worked for another CalPERS agency hired beginning January 1, 2013 ranging from 2.0% at age 50 to a maximum of 2.7% at age 57 for police safety and fire safety employees and 1.1% at age 50 to a maximum of 2.4% at age 62 for miscellaneous employees.

CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

The City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

The City currently provides other postemployment benefits ("OPEB") to retired employees who have retired and are eligible to receive such benefits under the City's CalPERS plan and the accounting policy now in effect is a "pay-as-you-go" plan. For the fiscal year ended June 30, 2015, the City contributed \$470,973 to the plan, which represents 43.2% of the cost of current year premiums for eligible retired plan members and their spouses. The following table shows the components of the City's annual OPEB cost for Fiscal Year 2014-2015, the amount contributed to the plan, and changes in the City's OPEB obligation to the plan.



**Table 2**  
**CITY OF LINCOLN**  
**Components of OPEB Cost**

Annual required contribution	\$ 1,132,563
Interest on net OPEB obligation	284,804
Adjustment to annual required contribution	(327,876)
Annual OPEB cost (expense)	<u>1,089,491</u>
Contributions made (Pay as you go contribution)	(470,973)
Increase in net OPEB obligation	618,518
Net OPEB obligation - beginning of the year	<u>4,068,627</u>
Net OPEB obligation - end of the year	<u>\$4,687,145</u>

Source: City of Lincoln

The following table describes the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years.

**Table 3**  
**CITY OF LINCOLN**  
**Historical OPEB Cost and Contribution**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$1,532,519	120.5%	\$3,366,824
June 30, 2014	\$1,096,921	36.0	\$4,068,627
June 30, 2015	\$1,089,491	43.2	\$4,687,145

Source: City of Lincoln

The following table sets forth the OPEB Benefits schedule of funding progress.

**Table 4**  
**CITY OF LINCOLN**  
**Schedule of Funding Progress**  
**OPEB Benefits**

<u>Actuarial Valuation Date (July 1)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Asset Value</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
2009	\$8,551,351	\$-	\$8,551,351	0.0%	\$13,098,294	65.3%
2010	\$12,518,361	\$-	\$12,518,361	0.0%	\$10,673,967	117.3%
2011	\$10,094,244	\$1,557,827	\$8,536,417	15.4%	\$9,801,620	87.1%

Source: City of Lincoln, Financial Statements for the year ended June 30, 2015.

For additional detail, see Note 12 ("Pension Plans") and Note 13 ("Other Postemployment Benefits") in Appendix A – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015."

## **City Budget**

### *Budget Process*

During the month of June in each year, the City Manager submits a proposed City operating budget to the City Council for the fiscal year commencing on the next July 1. The City Council then conducts public meetings. The final budget is formally adopted each year by City Council resolution.

Annual budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any reconciling items. The City allows the transfer of operating expenditure budget amounts within each fund, except for payroll expenditures related to changes in staffing. All other changes require City Council approval.

Budgetary data is prepared on a modified accrual basis consistent with the related “actual” amounts. Budget amounts shown in the financial statements for Fiscal Year 2015-16 represent the original budgeted amounts and all supplemental appropriations, which were immaterial. All unused appropriations that have not been encumbered lapse at the end of the fiscal year.

*[Fiscal Year 2015-16 Budget]*

*[Fiscal Year 2016-17 Budget]*

For additional detail, see Note 1 (“Basis of Accounting and Measurement Focus”) in Appendix A – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015.”

## **Employee Relations**

The City has 152.8 regular full time employees. All participate in CalPERS for both retirement and health benefits. The City’s employees, other than the City Manager and department heads, are represented as to wages, hours and other terms and conditions of employment, by six employee organizations as follows: Classified; Professional/Administrative; Mid-Management/Confidential; Lincoln Professional Fire Suppression Officers; Lincoln Police Officers Association; Lincoln Police/Fire Mid-Management/Supervisory.

The City has a memorandum of understanding (“MOU”) with the International Union of Operating Engineers, Local 39, covering all Classified employees. This MOU expires June 30, 2018.

The City has an MOU with the International Union of Operating Engineers, Local 39, covering all Professional/Administrative employees. This MOU expires March 31, 2018.

The City has an MOU with the employees in the City Mid-Management/Confidential group. The MOU expires March 31, 2018.

The City has an MOU with the Lincoln Professional Fire Suppression Officers. This MOU expires September 30, 2016.

The City has an MOU with the Lincoln Police Officers Association covering all of the patrol officers and dispatch personnel. This MOU expires September 30, 2016.

The City has an MOU with the Lincoln Police/Fire Mid-Management/Supervisory group. This MOU expires June 30, 2017.

The City experienced a seven-week labor interruption in 2011, which was subsequently resolved. All current non-public safety MOUs contain no-strike and no-lockout clauses. The public safety groups are mandated by State law to abide by no-strike and no-lockout actions.

## **Investment Policy**

In accordance with the laws of the State of California, and under authority granted by the people of the City, the City's Treasurer is responsible for investing and safely keeping the unexpended cash funds of the City. A Fiscal & Investments Oversight Committee ("FIOC") consisting of the City's Treasurer, two citizens at large and two council members of the City has been established to provide general oversight and direction concerning the policy related to management of the City's investment pool. This committee acts in an advisory manner to the City's Treasurer on areas covered by the City's investment policy. The Director of Support Services and/or the City Manager act in a staff and advisory capacity to the FIOC. The FIOC meets quarterly or upon request of members of the committee.

### *Investment Objectives*

The specific objectives for the City's investment portfolio are as follows:

*A. Safety of Principal-* Safety of principal is the foremost objective of the City. Each investment transaction seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or from erosion of the market value. The City seeks to preserve principal by mitigating the two types of risk, credit risk and market risk.

*B. Liquidity-* Because the City operates its own water, sewer, and garbage utilities and bills for these services monthly, significant cash flow is generated on a daily basis. Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio remains sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements.

*C. Yield-* The investment portfolio is designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified within the financial statements.

### *Current Status of the Investment Portfolio*

The most recent investment portfolio report was prepared on June 30, 2016. As of the date of this report, the City's investment portfolio had a book value of \$108,480,110 with a market value of \$111,666,770, for a net unrealized gain/loss of \$3,186,660. The investment portfolio posted a weighted average maturity of 2.72 years with a weighted average yield to maturity of 2.1% and was composed of approximately 43% in investments with a rating of "A" or better and approximately 57% in Federal Agency Coupons.

Legislation which would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the

California State Legislature. There can be no assurances that the investments in the City's investment portfolio will not vary significantly from the investments described herein. Additionally, the value of the various investments in the City's investment portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. There can be no assurance that the values of the various investments in the City's investment portfolio will not vary significantly from the values described herein.

For additional detail, see Note 3 ("Cash and Investments") in Appendix A – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015."

### **Economic and Demographic Information**

Information concerning the City's population growth, employment, personal incomes, building activity, commercial activity, assessed property values, property tax collections and overlapping debt burden is set forth in Appendix B – "CITY OF LINCOLN ECONOMIC AND DEMOGRAPHIC INFORMATION."

### **Audited Financial Statements**

The City's audited financial statements for the fiscal year ended June 30, 2015 are included in Appendix A and should be read in their entirety. The City's financial statements were audited by the independent accounting firm of Smith & Newell CPAs (the "Auditor"). The Auditor has not reviewed this Official Statement and the City has not sought the consent of the Auditor to the inclusion of the Auditor's report in this Official Statement.

The City's audited financial statements for prior years are on file for public inspection with the City Clerk.

## **TAX MATTERS**

### **Series 2016A Bonds**

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based on an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2016A Bonds is less than the amount to be paid at maturity of such Series 2016A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2016A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2016A Bonds, which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2016A Bonds is the first price at which a substantial amount of such maturity of the Series 2016A Bonds is sold to the public (excluding bond houses, brokers, or similar

persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2016A Bonds accrues daily over the term to maturity of such Series 2016A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2016A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2016A Bonds. Beneficial Owners of the Series 2016A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2016A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2016A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2016A Bonds is sold to the public.

Series 2016A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2016A Bonds. The Authority and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2016A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2016A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2016A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2016A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2016A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2016A Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2016A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2016A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest

on the Series 2016A Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Series 2016A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2016A Bonds ends with the issuance of the Series 2016A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the Series 2016A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and the City and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2016A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2016A Bonds, and may cause the Authority, the City or the Beneficial Owners to incur significant expense.

### **Series 2016B Bonds**

The following discussion summarizes certain U.S. federal tax considerations generally applicable to Beneficial Owners of the Series 2016B Bonds that acquire their Series 2016B Bonds in the initial offering. The discussion below is based on laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2016B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a Beneficial Owner. In addition, this summary generally is limited to investors that acquire their Series 2016B Bonds pursuant to this offering for the issue price that is applicable to such Series 2016B Bonds (*i.e.*, the price at which a substantial amount of the Series 2016B Bonds of a maturity are sold to the public) and who will hold their Series 2016B Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a Beneficial Owner of a Series 2016B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a Beneficial Owner of a Series 2016B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2016B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2016B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2016B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

**For U.S. Holders** - The following are applicable to U.S. Holders of Series 2016B Bonds.

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the Series 2016B Bonds is exempt from State of California personal income taxes. Interest on the Series 2016B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series 2016B Bonds.

The Series 2016B Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the Series 2016B Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a *de minimis* amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the Series 2016B Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Series 2016B Bonds.

*Disposition of the Series 2016B Bonds.* Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2016B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2016B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2016B Bond which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted tax basis in the Series 2016B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2016B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Series 2016B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder’s holding period for the Series 2016B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

**For Non-U.S. Holders** - The following is applicable to Non-U.S. Holders of the Series 2016B Bonds.

*Interest.* Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any Series 2016B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Authority through stock ownership and (2) a bank which acquires such Series 2016B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Series 2016B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

*Disposition of the Series 2016B Bonds.* Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2016B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

*U.S. Federal Estate Tax.* A Series 2016B Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such Series 2016B Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

*Information Reporting and Backup Withholding.* U.S. information reporting and “backup withholding” requirements apply to certain payments of principal of, and interest on, the Series 2016B Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2016B Bond, to certain noncorporate holders of Series 2016B Bonds that are U.S. Holders. Under current U.S. Treasury Regulations, payments of principal and interest on any Series 2016B Bonds to a Non-U.S. Holder will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Series 2016B Bond or a financial institution holding the Series 2016B Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the Series 2016B Bonds that are not United States persons and copies of such owners’ certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.



In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a Series 2016B Bond to the seller of the Series 2016B Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a Series 2016B Bond will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. office of a broker of the proceeds of a sale of a Series 2016B Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

### **Circular 230**

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the Authority and the City and their tax advisors are (or may be) required to inform prospective investors that:

- Any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;
- Any such advice is written to support the promotion or marketing of the Series 2016B Bonds and the transactions described herein; and
- Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

### **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Certain matters will be passed upon for the Authority and for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by Nossaman LLP, Underwriter’s Counsel. Orrick, Herrington & Sutcliffe LLP has also served as Disclosure Counsel. Orrick, Herrington & Sutcliffe LLP, Bond Counsel and Disclosure

Counsel, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

### **FINANCIAL ADVISOR**

The City has retained Public Financial Management, Inc., of San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **LITIGATION**

There is no action, suit, or proceeding known by the Authority or the City to be pending or threatened at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the Trust Agreement or any proceedings of the Authority or the City taken with respect to the execution or delivery thereof.

### **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine months after the end of the City’s fiscal year (which is currently June 30) in each year commencing with the report for the fiscal year ended June 30, 2016 (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events by the City is set forth in Appendix E - “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

### **ESCROW VERIFICATION**

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments of principal to retire the Prior Obligations will be verified by [\_\_\_\_\_] (the “Verification Agent”). Such computations will be based solely on assumptions and information supplied by the City and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

### **RATINGS**

S&P Global, a division of the McGraw-Hill Companies, Inc. (“S&P”), is expected to assign the Bonds the rating of “[\_]” with the understanding that upon delivery of the Bonds the Series 2016 Bond Insurance Policy insuring payment when due of the principal of and interest on the Bonds will be issued by the 2016 Bond Insurer. S&P has also assigned an underlying rating of “[\_]” to the Bonds.

Certain information was supplied by the Authority and the City to the rating agency to be considered in evaluating the Bonds. Such ratings express only the views of the rating agency and are not a recommendation to buy, sell or hold the Bonds.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agency, or either of them, if in its judgment circumstances so warrant. The Authority, the City and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

### **UNDERWRITING**

The Bonds were purchased by Piper Jaffray & Co. (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a purchase price of \$\_\_\_\_\_ (calculated as the principal amount of the Bonds, plus/less a net original issue premium/discount of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_). The initial public offering prices set forth on the cover page may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

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## MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds and of statutes and other documents contained in this Official Statement do not purport to be complete, and reference should be made to the Bonds and such statutes and other documents for full and complete statements of their provisions.

The preparation and distribution of this Official Statement have been authorized by the Authority and the City.

LINCOLN PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
Executive Director

CITY OF LINCOLN

By: \_\_\_\_\_  
City Manager

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

## APPENDIX B

### CITY OF LINCOLN ECONOMIC AND DEMOGRAPHIC INFORMATION

*The following information is presented as general background data. The Bonds are payable solely from Base Rental Payments made by the City of Lincoln and other sources as described herein. The taxing power of the City of Lincoln, the State of California or any political subdivision thereof is not pledged to the payment of the bonds.*

*The financial and economic data for the City is presented for information purposes only. The Bonds are not a debt or obligation of the City.*

#### **General**

The City was founded by miners in 1859 and incorporated on August 18, 1890 as a general law city. The City is located in California's Sacramento Valley, near the foothills of the Sierra Nevada mountains, about 27 miles northeast of Sacramento and 112 miles east of San Francisco.

The City has an average July temperature of 81 degrees and an average January temperature of 46 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 22 inches annually and occurs mostly during the winter.

#### **Population**

The City's population as of the 2010 Census was 42,819. As of January 2016, the City's population was estimated to be 47,339, representing an increase of 10.6% over the 2010 census figure.

In 2008 the City adopted its 2050 General Plan with a projected buildout population of 132,000. The 2050 General Plan incorporates smart growth principles developed through the Sacramento Area Council of Governments (SACOG) Blueprint Project and designated seven separate villages (identified as Villages 1 through 7) and two Special Use Districts that include a mix of housing types and densities, as well as the development of a village center and the continued requirement for 40% open space. The Special Use Districts include the overflight restrictions for the City's regional airport.

Since the 2050 General Plan adoption, the City has completed three annexations. In September 2009, the City annexed 296 acres zoned for commercial, business-professional use and included a future medical facility site. The City annexed portions of two of the villages, 516 acres of Village 7 in May 2014, which includes approximately 2,470 residential dwelling units, and 1,712 acres of Village 1 in August 2016, which includes approximately 4,850 residential dwelling units. In addition to the new annexations, there are approximately 2,000 residential units remaining to be constructed in the Twelve Bridges community.

The following table summarizes recent population trends for the City, Placer County and the State of California.

**CITY OF LINCOLN, COUNTY OF PLACER,  
AND STATE OF CALIFORNIA**

**Population**

<u>Year</u>	<u>City of Lincoln</u>	<u>Placer County</u>	<u>State of California</u>
2012	44,167	358,152	37,881,357
2013	45,005	362,417	38,239,207
2014	45,990	367,176	38,567,459
2015	46,688	370,238	38,907,642
2016	47,339	373,796	39,255,883

*Source: State of California, Department of Finance; U.S. Bureau of the Census*

**Employment**

The civilian labor force in the City increased to an annual average of 18,500 in 2015, up approximately 2.8% from the 2011 average of 18,000. The following table summarizes the labor force, employment and unemployment figures over the past five years for the City, the County, the State of California and the nation as a whole.

**CITY OF LINCOLN, COUNTY OF PLACER  
AND STATE OF CALIFORNIA**

**Civilian Labor Force, Civilian Employment and Civilian Unemployment**

<u>Year</u>	<u>Area</u>	<u>Annual Averages</u>			<u>Unemployment Rate</u>
		<u>Civilian Labor Force</u>	<u>Civilian Employment<sup>(1)</sup></u>	<u>Civilian Unemployment<sup>(2)</sup></u>	
2011	City of Lincoln	18,000	15,900	2,100	11.8%
	Placer County	173,700	154,900	18,800	10.8
	California	18,415,100	16,258,100	2,157,000	11.7
	United States <sup>(1)</sup>	153,617,000	139,869,000	13,747,000	8.9
2012	City of Lincoln	18,200	16,300	1,800	10.2%
	Placer County	175,200	158,800	16,400	9.4
	California	18,551,400	16,627,800	1,923,600	10.4
	United States <sup>(1)</sup>	154,975,000	142,469,000	12,506,000	8.1
2013	City of Lincoln	18,100	16,600	1,500	8.4%
	Placer County	176,300	162,700	13,600	7.7
	California	18,670,100	17,001,000	1,669,000	8.9
	United States <sup>(1)</sup>	155,389,000	143,929,000	11,460,000	7.4
2014	City of Lincoln	18,400	17,100	1,300	6.8%
	Placer County	176,500	165,500	11,000	6.3
	California	18,827,900	17,418,000	1,409,900	7.5
	United States <sup>(1)</sup>	155,922,000	146,305,000	9,617,000	6.2
2015	City of Lincoln	18,500	17,500	1,000	5.5%
	Placer County	178,200	169,200	9,000	5.0
	California	18,981,800	17,798,600	1,183,200	6.2
	United States <sup>(1)</sup>	157,130,000	148,834,000	8,296,000	5.3

- (1) Includes persons involved in labor-management trade disputes.  
 (2) Includes all persons without jobs who are actively seeking work.  
 (3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.  
 (4) Not strictly comparable with data for prior years.

Source: State of California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (“MSA”), which includes the wage and salary employment figures for the past five calendar years within the MSA are shown in the following table. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

**SACRAMENTO-ROSEVILLE-ARDEN ARCADE MSA**  
**Industry Employment**  
**Annual Averages, March 2015 Benchmark**

	2012	2013	2014	2015	2016 <sup>(2)</sup>
Wage & Salary Employment <sup>(1)</sup>					
Total, All Industries	855,300	878,200	898,800	925,400	940,300
Total Farm	8,600	8,900	9,200	9,300	9,100
Total Nonfarm	846,700	869,300	889,600	916,100	931,200
Mining and Logging	400	500	500	600	500
Construction	38,400	43,300	45,400	49,900	52,300
Manufacturing	33,900	34,100	35,400	36,300	36,400
Trade, Transportation & Utilities	138,900	141,700	143,400	146,800	146,100
Wholesale Trade	25,200	25,000	24,500	24,600	24,800
Retail Trade	91,800	93,800	95,300	97,500	96,900
Finance & Insurance	35,700	36,300	35,500	37,100	37,200
Real Estate & Rental & Leasing	12,500	13,100	13,400	13,900	14,300
Professional & Business Services	111,100	114,600	118,200	119,700	120,400
Educational & Health Services	125,600	130,700	134,300	140,300	144,300
Government	221,500	222,500	227,800	232,000	237,300

- (1) Based on place of work.  
 (2) Preliminary, as of June 2016. Rounded to nearest one hundred.

Source: California Employment Development Department.

### Major Employers

In recent years, new employment opportunities have been created in the City and the nearby cities of Roseville and Rocklin. As a result, the area has become more balanced relative to jobs and housing and less economically dependent on employment opportunities and services provided by adjacent Sacramento County. Hewlett-Packard has a large campus in nearby Roseville and Oracle has a large facility in Rocklin. The United Auburn Indian Community opened the Thunder Valley Casino adjacent to the City, which currently employs over 2,500 individuals. Other major employers in the City include Western Placer Unified School District, Sierra Pacific Industries, San Francisco Bay Coffee Company, Horizon Instructional Services, Target and Walmart.



## Building Activity

Residential building activity for the past five calendar years for the City is shown in the following tables.

### CITY OF LINCOLN Building Permits, New Residential

	2012	2013	2014	2015	2016 <sup>(1)</sup>
Single Family Units	216	247	286	233	189
Multifamily Units	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Units	216	247	286	233	189

<sup>(1)</sup> Preliminary, as of June 2016.

Source: Construction Industry Research Board.

### CITY OF LINCOLN Building Permit Valuations

	2012	2013	2014	2015	2016 <sup>(1)</sup>
Residential					
New Single Family	\$44,337,302	\$60,357,785	\$81,213,162	\$71,909,918	\$62,297,283
New Multifamily	0	0	0	0	0
Res. Alt. & Adds	<u>5,482,289</u>	<u>20,123,725</u>	<u>16,678,748</u>	<u>7,264,109</u>	<u>9,670,525</u>
Total Residential	\$49,819,594	\$80,481,510	\$97,891,910	\$79,174,027	\$71,967,808
Nonresidential					
New Commercial	\$389,440	\$0	\$2,514,188	\$1,500,000	\$6,739,931
New Other <sup>(2)</sup>	224,488	0	312,252	1,181,439	1,092,801
Alters. & Adds.	<u>5,916,684</u>	<u>5,514,551</u>	<u>1,556,505</u>	<u>1,400,257</u>	<u>2,424,083</u>
Total Non-Residential	\$6,530,612	\$5,514,551	\$4,382,945	\$4,081,696	\$10,256,815
Total All Building <sup>(3)</sup>	<u>\$56,350,206</u>	<u>\$85,996,061</u>	<u>\$102,274,855</u>	<u>\$83,255,723</u>	<u>\$82,224,623</u>

<sup>(1)</sup> Preliminary, as of June 2016.

<sup>(2)</sup> Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, public works and utilities buildings, residential garages, and miscellaneous nonresidential structures.

<sup>(3)</sup> Sum of Residential and Nonresidential Building Permit Valuations.

Source: City of Lincoln.

## Commercial Activity

Taxable retail sales data for the City for the past five years are shown in the table below.

**CITY OF LINCOLN**  
**Taxable Retail Sales**  
**(dollars in thousands)**

<u>Year</u>	Retail and Food Services Outlets		All Outlets	
	<u>Permits</u>	<u>Transactions</u>	<u>Permits</u>	<u>Transactions</u>
2010	458	\$179,018	660	\$224,817
2011	447	205,703	641	244,997
2012	461	213,306	663	252,809
2013	501	227,234	692	271,541
2014	508	233,688	698	282,204
2015 <sup>(1)</sup>	[ ]	[ ]	[ ]	[ ]

<sup>(1)</sup> As of Second Quarter, 2015. Permit figures not yet available.

Source: *State of California, Board of Equalization*

**Assessed Valuation and Tax Collections**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in each city as of the preceding December 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 12% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquent penalty, plus a redemption penalty of 5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on March 31 of the fiscal year. A 12% penalty attaches to the delinquent taxes on property on the unsecured roll, and an additional penalty of 5% per month begins to accrue beginning November 1 of the fiscal year. The taxing authority has four ways of collecting unsecured personal property taxes: (a) a civil action against the taxpayer; (b) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (c) filing a certificate of delinquency for record in the County Recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (d) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The following table summarizes assessed valuation in the City for Fiscal Years 2011-12 through 2015-16.

**CITY OF LINCOLN**  
**Assessed Valuations**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Secured Value</u>	<u>Public Utility</u>	<u>Unsecured Value</u>	<u>Total Assessed Value</u>
2011-12				
2012-13				
2013-14				
2014-15				
2015-16				

*Source: California Municipal Statistics, Inc.*

**Delinquencies**

The table below shows the collection history of the City on levies of secured property taxes from Fiscal Year 2012-13 through Fiscal Year 2015-16. The County of Placer collects property taxes for local governments within the County, such as the City. The County participates in the so-called “Teeter Plan,” pursuant to which the County distributes the entire amount of each local government’s secured tax levy, irrespective of the level of delinquencies. The County’s Teeter Plan does not apply to assessments or special taxes and can be discontinued at any time.

**CITY OF LINCOLN**  
**Secured Property Tax Charges and Delinquencies**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Secured Tax Charges <sup>(1)</sup></u>	<u>Total Delinquencies</u>	<u>Percent Delinquent</u>
2012-13			
2013-14			
2014-15			
2015-16			

<sup>(1)</sup> All taxes collected within the City by the County of Placer.

*Source: California Municipal Statistics, Inc.*

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## **Direct and Overlapping Debt**

The following table shows the direct and overlapping bonded debt and debt ratios for property within the City as of \_\_\_\_\_, 20\_\_.

### **CITY OF LINCOLN [Direct and Overlapping Debt]**

---

*Source: California Municipal Statistics, Inc.*

**[Largest Taxpayers]**

The following table shows the largest taxpayers for Fiscal Year 2015-16.

**CITY OF LINCOLN**  
Largest Local Secured Taxpayers  
Fiscal Year 2015-16

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
Total				

---

*Source: City of Lincoln*

## **APPENDIX C**

### **SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS**

## APPENDIX D

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[\_\_\_\_], 2016

Lincoln Public Financing Authority  
Lincoln, California

Lincoln Public Financing Authority Lease Revenue Refunding Bonds,  
Series 2016A and Series 2016B (Federally Taxable)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Lincoln Public Financing Authority (the “Authority”) in connection with issuance of \$[PAR A] aggregate principal amount of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A (the “Series 2016A Bonds”) and \$[PAR B] aggregate principal amount of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) (the “Series 2016B Bonds” and, together with the Series 2016A Bonds, the “Bonds”), issued pursuant to a Trust Agreement, dated as of [November] 1, 2016 (the “Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Facility Lease, the Site Lease, the Tax Certificate, certificates of the Authority, the City, the Trustee and others, opinions of counsel to the Authority, the City and the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Facility Lease, the Site Lease and the Tax Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and

obligations under the Bonds, the Trust Agreement, the Facility Lease, the Site Lease and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities or cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Site Lease, the Facility Lease or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the official statement of the Authority, dated [\_\_\_\_], 2016, with respect to the Bonds or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Trust Agreement, except the Rebate Fund, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.
3. The Facility Lease and the Site Lease have been duly executed and delivered by, and constitute the valid and binding obligations of, the City and the Authority.
4. Interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. We observe that interest on the Series 2016B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per



## **APPENDIX E**

### **FORM OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX F**  
**FORM OF BOND INSURANCE POLICY**

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10E

**ATTACHMENT No. 8 – Continuing Disclosure Agreement**



1536

## FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”) is executed and delivered by the CITY OF LINCOLN, California (the “City”), and [\_\_\_\_], as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Lincoln Public Financing Authority (the “Authority”) of its \$[PAR A] Lease Revenue Refunding Bonds, Series 2016A and \$[PAR B] Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of [November] 1, 2016 (the “Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee. Pursuant to the Facility Lease, dated as of [November] 1, 2016 (the “Facility Lease”), by and between the Authority and the City, the City has covenanted to comply with its obligations hereunder and to assume all obligations for continuing disclosure with respect to the Bonds. The City and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” means each March 1, commencing March 1, 2017, or the date that is nine months after the end of the City’s fiscal year if the City’s fiscal year is changed (the City’s fiscal year currently ends June 30).

“*Dissemination Agent*” means [\_\_\_\_], or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Event*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City and the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Piper Jaffray & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

### Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 1, 2017 with the report for the 2015-16 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of

Section 4 of this Disclosure Agreement; provided, however, that delivery of the Official Statement for the Bonds may constitute the annual report for 2015-16 fiscal year. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) An update to Table 1, "City of Lincoln Historical Summary of Revenues, Expenditures and Fund Balances, General Fund";

(ii) An update to Table 3, "City of Lincoln Historical OPEB Cost and Contribution";

(iii) An update to the table in Appendix B entitled "City of Lincoln Building Permits, New Residential";

(iv) An update to the table in Appendix B entitled "City of Lincoln Building Permit Valuations";



(v) An update to the table in Appendix B entitled “City of Lincoln Assessed Valuations”;

(vi) An update to the table in Appendix B entitled “City of Lincoln Secured Property Tax Charges and Delinquencies”;

(vii) An update to the table in Appendix B entitled “City of Lincoln Direct and Overlapping Debt”; and

(viii) An update to the table in Appendix B entitled “City of Lincoln Largest Local Secured Taxpayers.”

(c) Any or all of the items listed above may be included by specific reference to other documents, including the City’s Comprehensive Annual Financial Report and official statements of debt issues of the City or related public entities, which are available to the public on the MSRB’s Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, to the extent applicable, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).
- (6) Bond calls and tender offers.
- (7) Defeasances.
- (8) Rating changes.
- (9) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

- (1) Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (2) Modifications to rights of Bond holders;
- (3) Optional, unscheduled or contingent Bond calls;
- (4) Release, substitution, or sale of property securing repayment of the Bonds;
- (5) Non-payment related defaults;
- (6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- (7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City learns of the occurrence of a Listed Event described in Section 5(b), the City shall, as soon as possible, determine if such event would be material under applicable federal securities laws.

(d) If the City has learned of a Listed Event described in Section 5(a) or has determined that knowledge of the occurrence of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall, within ten business days of occurrence, file or cause the Dissemination Agent to file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Events described in subsections 5(a)(7) or 5(b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

(e) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination

Agent shall be [\_\_\_\_\_]. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Agreement modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(d).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure

Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:                      City of Lincoln  
    600 Sixth Street  
    Lincoln, CA 95648  
    Attention: City Manager

To the Dissemination  
Agent:                              [\_\_\_\_\_]   
    [\_\_\_\_\_]   
    [\_\_\_\_\_]   
    [\_\_\_\_\_]

Date: [\_\_\_\_], 2016

CITY OF LINCOLN

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

AGREED AND ACCEPTED:

[\_\_\_\_],  
as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Lincoln Public Financing Authority

Name of Issue: Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A and Series 2016B (Federally Taxable)

Date of Issuance: \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that the City of Lincoln, California (the "City"), has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.09 of the Facility Lease, dated as of [November] 1, 2016, between the Lincoln Public Financing Authority and the City. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

DISSEMINATION AGENT:

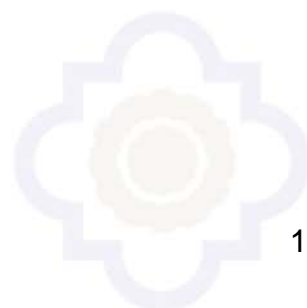
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_



10E

**ATTACHMENT No. 9 – Escrow Agreements**



1545

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**ESCROW AGREEMENT**

**by and between**

**LINCOLN PUBLIC FINANCING AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent and Trustee**

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**Dated as of [November] 1, 2016**

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*Relating to  
the refunding and defeasance of*

**Lincoln Public Financing Authority  
Lease Revenue Bonds  
(Public Safety and Corporation Yard Project),  
Series 2003**

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## ESCROW AGREEMENT

This ESCROW AGREEMENT, (the “Agreement”), made and entered into as of [November] 1, 2016, by and between the Lincoln Public Financing Authority (the “Authority”), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, having a corporate trust office located in [San Francisco], California, and being qualified to accept and administer the trusts hereby created, as trustee (the “Trustee”) and acting as escrow agent hereunder (in such capacity, the “Escrow Agent”),

### WITNESSETH:

**WHEREAS**, in order to finance the acquisition of certain real property, as more particularly described in Exhibit A of the Series 2003 Site Lease (as hereinafter defined), together with all site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities (the “Series 2003 Project”), the City of Lincoln (the “City”) and the Authority entered into a Facility Lease (the “Series 2003 Facility Lease”) and a Site Lease (the “Series 2003 Site Lease”), each dated as of July 1, 2003;

**WHEREAS**, in order to provide funds necessary to finance the Series 2003 Project, the Authority issued its Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003 (the “Series 2003 Bonds”), payable from the base rental payments to be made by the City pursuant to the Series 2003 Facility Lease;

**WHEREAS**, the Series 2003 Bonds were issued pursuant to a Trust Agreement, dated as of July 1, 2003 (the “Series 2003 Trust Agreement”), between the Authority and the Trustee;

**WHEREAS**, the City desires to refinance the Series 2003 Project by exercising its option to prepay the rental payments to be made by the City pursuant to the Series 2003 Facility Lease, thereby causing the Series 2003 Bonds to be redeemed and defeased;

**WHEREAS**, in order to refinance the Series 2003 Project, the City is leasing to the Authority certain real property and the improvements thereto (the “Leased Property”), as more particularly described in Exhibit A of the Site Lease, dated as of [November] 1, 2016, between the City and the Authority, and the City is subleasing the Leased Property back from the Authority pursuant to a Facility Lease, dated as of [November] 1, 2016 (the “Facility Lease”), between the City and the Authority;

**WHEREAS**, in order to provide the funds necessary to refinance the Series 2003 Project, among other projects, and redeem the Series 2003 Bonds, among other obligations, the Authority and the City desire to provide for the issuance of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A, in the aggregate principal amount of \$[PAR A], and Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable), in the aggregate principal amount of \$[PAR B] (collectively, the “Refunding Bonds”), each payable from the base rental payments to be made by the City pursuant to the Facility Lease;

**WHEREAS**, the Refunding Bonds are being issued pursuant to a Trust Agreement, dated as of [November] 1, 2016 (the “Trust Agreement”), between the Authority and the U.S. Bank National Association, as trustee, for the purpose of providing moneys, together with other funds of the Authority, which will, among other things, be sufficient to pay the principal of and interest on the Series 2003 Bonds to and including the date fixed for redemption and to pay the redemption price (the “Redemption Price”) equal to 100% of the principal amount of the Series 2003 Bonds, without premium, plus interest accrued to the date fixed for redemption, all as set forth in Exhibit A attached hereto;

**WHEREAS**, the Trust Agreement contemplates the setting aside of a portion of the proceeds of the Refunding Bonds in order to provide for the payment of the Redemption Price and that such proceeds shall be deposited in a separate special escrow fund to be created hereunder to be known as the “Series 2003 Refunding Escrow,” to be maintained by the Escrow Agent (the “Series 2003 Refunding Escrow”);

**WHEREAS**, the Authority has taken action to cause to be delivered to the Escrow Agent for deposit in or credit to the Series 2003 Refunding Escrow cash in the amount of \$[\_\_\_\_\_] which has been certified by [\_\_\_\_\_] to be sufficient to pay when and as due the principal of and interest on and the Redemption Price of the Series 2003 Bonds;

**NOW, THEREFORE**, the Authority and the Escrow Agent hereby agree as follows:

Section 1. Establishment, Funding and Maintenance of the Series 2003 Refunding Escrow; Notice of Redemption.

(a) Pursuant to the Trust Agreement, the Authority has caused the Trustee to transfer to the Escrow Agent an aggregate sum of \$[\_\_\_\_\_] of which \$[\_\_\_\_\_] was derived from the proceeds of the Refunding Bonds and \$[\_\_\_\_\_] of other funds of the Authority, including amounts held by the Trustee for the Series 2003 Bonds. The Escrow Agent hereby accepts and acknowledges receipt of such monies to secure the payment of the Series 2003 Bonds. The Escrow Agent agrees to establish and maintain until the Redemption Price of all Series 2003 Bonds has been paid in full a separate fund for the Series 2003 Bonds designated as the “Series 2003 Refunding Escrow,” and to hold the moneys therein at all times as a special and separate trust fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent). All moneys in the Series 2003 Refunding Escrow are hereby irrevocably pledged to secure the payment of the principal of, interest on and Redemption Price of the Series 2003 Bonds.

(b) The Authority hereby requests and irrevocably instructs the Trustee to give notice of the redemption of the Series 2003 Bonds scheduled for [\_\_\_\_\_] 2016, at the time and in the manner provided in the Series 2003 Trust Agreement and in the form of Exhibit B attached hereto.

Section 2. Cash Deposit in and Investment of the Series 2003 Refunding Escrow. The Authority hereby directs the Escrow Agent to accept the cash deposit of \$[\_\_\_\_\_] for deposit in the Series 2003 Refunding Escrow [and to hold such amount uninvested]. Upon the deposit of such moneys, the moneys on deposit in the Series 2003 Refunding Escrow will be at least equal

to an amount sufficient to make the payments on the Series 2003 Bonds required by Section 3 hereof.

Section 3. Payment and Redemption of the Series 2003 Bonds. The Authority hereby requests and irrevocably instructs the Escrow Agent to transfer amounts from the Series 2003 Refunding Escrow to the Trustee to pay when due the principal of and interest on the Series 2003 Bonds and the Redemption Price of the Series 2003 Bonds on the redemption date set forth on Exhibit A. Upon payment in full of the Redemption Price of the Series 2003 Bonds, the Escrow Agent shall transfer any moneys remaining in the Series 2003 Refunding Escrow to the Authority after provision for payment of amounts due the Escrow Agent pursuant to Section 4 and 11 hereof, and this Agreement shall terminate. The Series 2003 Refunding Escrow cash flow is set forth in Exhibit C attached hereto.

Section 4. Fees and Costs.

(a) The Authority shall pay to the Escrow Agent from time to time reasonable compensation for all services rendered under this Agreement. The parties hereto agree that the duties and obligations of the Escrow Agent shall be as expressly provided herein, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) The Authority shall pay to the Escrow Agent additional fees and reimbursements for costs incurred, including but not limited to legal and accountants' services, involving this Agreement.

(c) The fees of and the costs incurred by the Escrow Agent shall in no event be deducted or payable from, or constitute a lien against, the Series 2003 Refunding Escrow, except as otherwise provided herein.

Section 5. Merger or Consolidation. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Agreement, shall be the successor of such Escrow Agent without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 6. Resignation of Escrow Agent. The Escrow Agent may at any time resign by giving written notice to the Authority of such resignation. The Authority shall promptly appoint a successor Escrow Agent upon receipt of such notice. Resignation of the Escrow Agent will be effective only upon acceptance of appointment of a successor Escrow Agent. If the Authority does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Authority may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Authority appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Authority shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 8. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 9. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 10. Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Trust Agreement.

Section 11. Indemnification. The Authority agrees to indemnify, hold harmless and defend the Escrow Agent and its officers, directors, employees and agents to the maximum extent permitted by law against any and all losses, damages, claims, actions, liabilities, costs and expenses of whatever nature, kind or character (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) which may be imposed on, or incurred by or asserted against the Escrow Agent directly or indirectly arising out of or related to the acceptance and performance by the Escrow Agent of its duties hereunder. This indemnification shall apply whether any such claim, suit, investigation, proceeding or action is based upon (i) the interference with or breach of or alleged interference with or alleged breach of any existing contract in connection with the Series 2003 Bonds, (ii) any untrue statement or alleged untrue statement of a material fact or omission of a material fact required to be stated in any offering document with respect to the Series 2003 Bonds necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or (iii) any other wrongful act or alleged wrongful act of the Authority related to the redemption of the Series 2003 Bonds; provided, however, that this indemnification shall not cover any losses or expenses incurred by the Escrow Agent as a result of its negligence or willful misconduct. In addition to the foregoing, the prevailing party in any lawsuit shall be entitled to attorneys' fees and costs incurred in any judgment proceeding to collect or enforce the judgment. This provision is separate and severable and shall survive the merger of this Agreement into any judgment on this Agreement.

The agreements of the Authority hereunder shall survive termination of this Agreement.

Section 12. Immunities and Liability of Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if the Escrow Agent or the Authority knows of the possibility of such damages. The Escrow Agent shall have no duty or

responsibility under this Agreement in the case of any default in the performance of the covenants or agreements contained in the Trust Agreement. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(c) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(d) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Series 2003 Trust Agreement or the Trust Agreement, other than recitals or representations specifically made by the Escrow Agent.

(e) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunding Bonds with the same rights that it would have if it were not the Escrow Agent and may engage or be interested in any financial or other transaction with the Authority.

(f) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or securities deposited with it to pay the principal of or interest or premium on the Series 2003 Bonds.

(g) The Escrow Agent shall not be liable for any action or omission of the Authority under this Agreement, the Series 2003 Trust Agreement or the Trust Agreement.

(h) Whenever in the administration of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of any authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(i) The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in connection with this Agreement and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(j) No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Section 13. Termination of Agreement. Upon payment in full of the principal of and interest on the Series 2003 Bonds and all of the fees and expenses of the Escrow Agent as described above, all obligations of the Escrow Agent under this Agreement shall cease and

terminate, except for the obligation of the Escrow Agent to pay or cause to be paid to the owners of the Series 2003 Bonds not presented for payment all sums due thereon and the obligation of the Authority to pay to the Escrow Agent any amounts due and owing to the Escrow Agent hereunder; provided, however, the obligations of the Escrow Agent with respect to the payment of the respective series of Series 2003 Bonds shall cease and terminate two years after the date on which the same shall have become due as described hereunder and in accordance with the Series 2003 Trust Agreement or the Trust Agreement, as applicable.

**IN WITNESS WHEREOF**, the Lincoln Public Financing Authority and U.S. Bank National Association have caused this Agreement to be executed each on its behalf as of the day and year first above written.

**LINCOLN PUBLIC FINANCING  
AUTHORITY**

By: \_\_\_\_\_  
Matthew Brower  
Executive Director

**U.S. BANK NATIONAL  
ASSOCIATION, as Escrow Agent and  
Trustee**

By: \_\_\_\_\_  
Authorized Officer

## EXHIBIT A

### DESCRIPTION OF REDEMPTION PROVISIONS

<u>Name of Bonds</u>	<u>Principal Amount To Be Refunded</u>	<u>Redemption Price</u>	<u>Earliest Redemption Date</u>
Lincoln Public Financing Authority Lease Revenue Bonds (Public Safety and Corporation Yard Project), Series 2003	\$[_____]	100%	August 1, 2011

## **EXHIBIT B**

[Form of Notice of Redemption - To Come]



## **EXHIBIT C**

### **SERIES 2003 REFUNDING ESCROW CASH FLOW**

The cash flow for the Series 2003 Refunding Escrow is set forth on [Exhibit A] to the Verification Report prepared by [\_\_\_\_\_], [City], [State], attached hereto and incorporated herein by reference as though fully set forth herein and made a part hereof, relating to the Refunding Bonds.

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**ESCROW AGREEMENT**

**by and between**

**LINCOLN PUBLIC FINANCING AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent and Trustee**

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**Dated as of [November] 1, 2016**

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*Relating to  
the refunding and defeasance of*

**Lincoln Public Financing Authority  
Lease Revenue Bonds (City Hall Project),  
Series 2006**

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## ESCROW AGREEMENT

This ESCROW AGREEMENT, (the “Agreement”), made and entered into as of [November] 1, 2016, by and between the Lincoln Public Financing Authority (the “Authority”), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, having a corporate trust office located in [San Francisco], California, and being qualified to accept and administer the trusts hereby created, as trustee (the “Trustee”) and acting as escrow agent hereunder (in such capacity, the “Escrow Agent”),

### WITNESSETH:

**WHEREAS**, in order to assist in financing the acquisition of certain real property and the construction of a city hall facility thereon, as more particularly described in Exhibit A of the Series 2006 Site Lease (as hereinafter defined), together with site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities (the “Series 2006 Project”), the City of Lincoln (the “City”) and the Authority entered into a Facility Lease (the “Series 2006 Facility Lease”) and a Site Lease (the “Series 2006 Site Lease”), each dated as of July 1, 2006;

**WHEREAS**, in order to provide funds necessary to finance the Series 2006 Project, the Authority issued its Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006 (the “Series 2006 Bonds”), payable from the base rental payments to be made by the City pursuant to the Series 2006 Facility Lease;

**WHEREAS**, the Series 2006 Bonds were issued pursuant to a Trust Agreement, dated as of July 1, 2006 (the “Series 2006 Trust Agreement”), between the Authority and the Trustee;

**WHEREAS**, the City desires to refinance the Series 2006 Project by exercising its option to prepay the rental payments to be made by the City pursuant to the Series 2006 Facility Lease, thereby causing the Series 2006 Bonds to be redeemed and defeased;

**WHEREAS**, in order to refinance the Series 2006 Project, the City is leasing to the Authority certain real property and the improvements thereto (the “Leased Property”), as more particularly described in Exhibit A of the Site Lease, dated as of [November] 1, 2016, between the City and the Authority, and the City is subleasing the Leased Property back from the Authority pursuant to a Facility Lease, dated as of [November] 1, 2016 (the “Facility Lease”), between the City and the Authority;

**WHEREAS**, in order to provide the funds necessary to refinance the Series 2006 Project, among other projects, and redeem the Series 2006 Bonds, among other obligations, the Authority and the City desire to provide for the issuance of Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016A, in the aggregate principal amount of \$[PAR A], and Lincoln Public Financing Authority Lease Revenue Refunding Bonds, Series 2016B (Federally Taxable), in the aggregate principal amount of \$[PAR B] (collectively, the “Refunding Bonds”), each payable from the base rental payments to be made by the City pursuant to the Facility Lease;

**WHEREAS**, the Refunding Bonds are being issued pursuant to a Trust Agreement, dated as of [November] 1, 2016 (the “Trust Agreement”), between the Authority and the U.S. Bank National Association, as trustee, for the purpose of providing moneys, together with other funds of the Authority, which will, among other things, be sufficient to pay the principal of and interest on the Series 2006 Bonds to and including the date fixed for redemption and to pay the redemption price (the “Redemption Price”) equal to 100% of the principal amount of the Series 2006 Bonds, without premium, plus interest accrued to the date fixed for redemption, all as set forth in Exhibit A attached hereto;

**WHEREAS**, the Trust Agreement contemplates the setting aside of a portion of the proceeds of the Refunding Bonds in order to provide for the payment of the Redemption Price and that such proceeds shall be deposited in a separate special escrow fund to be created hereunder to be known as the “Series 2006 Refunding Escrow,” to be maintained by the Escrow Agent (the “Series 2006 Refunding Escrow”);

**WHEREAS**, the Authority has taken action to cause to be delivered to the Escrow Agent for deposit in or credit to the Series 2006 Refunding Escrow cash in the amount of \$[\_\_\_\_\_] which has been certified by [\_\_\_\_\_] to be sufficient to pay when and as due the principal of and interest on and the Redemption Price of the Series 2006 Bonds;

**NOW, THEREFORE**, the Authority and the Escrow Agent hereby agree as follows:

Section 1. Establishment, Funding and Maintenance of the Series 2006 Refunding Escrow; Notice of Redemption.

(a) Pursuant to the Trust Agreement, the Authority has caused the Trustee to transfer to the Escrow Agent an aggregate sum of \$[\_\_\_\_\_] of which \$[\_\_\_\_\_] was derived from the proceeds of the Refunding Bonds and \$[\_\_\_\_\_] of other funds of the Authority, including amounts held by the Trustee for the Series 2006 Bonds. The Escrow Agent hereby accepts and acknowledges receipt of such monies to secure the payment of the Series 2006 Bonds. The Escrow Agent agrees to establish and maintain until the Redemption Price of all Series 2006 Bonds has been paid in full a separate fund for the Series 2006 Bonds designated as the “Series 2006 Refunding Escrow,” and to hold the moneys therein at all times as a special and separate trust fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Agent). All moneys in the Series 2006 Refunding Escrow are hereby irrevocably pledged to secure the payment of the principal of, interest on and Redemption Price of the Series 2006 Bonds.

(b) The Authority hereby requests and irrevocably instructs the Trustee to give notice of the redemption of the Series 2006 Bonds scheduled for [\_\_\_\_\_] 2016, at the time and in the manner provided in the Series 2006 Trust Agreement and in the form of Exhibit B attached hereto.

Section 2. Cash Deposit in and Investment of the Series 2006 Refunding Escrow. The Authority hereby directs the Escrow Agent to accept the cash deposit of \$[\_\_\_\_\_] for deposit in the Series 2006 Refunding Escrow [and to hold such amount uninvested]. Upon the deposit of such moneys, the moneys on deposit in the Series 2006 Refunding Escrow will be at least equal

to an amount sufficient to make the payments on the Series 2006 Bonds required by Section 3 hereof.

Section 3. Payment and Redemption of the Series 2006 Bonds. The Authority hereby requests and irrevocably instructs the Escrow Agent to transfer amounts from the Series 2006 Refunding Escrow to the Trustee to pay when due the principal of and interest on the Series 2006 Bonds and the Redemption Price of the Series 2006 Bonds on the redemption date set forth on Exhibit A. Upon payment in full of the Redemption Price of the Series 2006 Bonds, the Escrow Agent shall transfer any moneys remaining in the Series 2006 Refunding Escrow to the Authority after provision for payment of amounts due the Escrow Agent pursuant to Section 4 and 11 hereof, and this Agreement shall terminate. The Series 2006 Refunding Escrow cash flow is set forth in Exhibit C attached hereto.

Section 4. Fees and Costs.

(a) The Authority shall pay to the Escrow Agent from time to time reasonable compensation for all services rendered under this Agreement. The parties hereto agree that the duties and obligations of the Escrow Agent shall be as expressly provided herein, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) The Authority shall pay to the Escrow Agent additional fees and reimbursements for costs incurred, including but not limited to legal and accountants' services, involving this Agreement.

(c) The fees of and the costs incurred by the Escrow Agent shall in no event be deducted or payable from, or constitute a lien against, the Series 2006 Refunding Escrow, except as otherwise provided herein.

Section 5. Merger or Consolidation. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under this Agreement, shall be the successor of such Escrow Agent without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

Section 6. Resignation of Escrow Agent. The Escrow Agent may at any time resign by giving written notice to the Authority of such resignation. The Authority shall promptly appoint a successor Escrow Agent upon receipt of such notice. Resignation of the Escrow Agent will be effective only upon acceptance of appointment of a successor Escrow Agent. If the Authority does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Authority may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Authority appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Authority shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 8. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 9. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 10. Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Trust Agreement.

Section 11. Indemnification. The Authority agrees to indemnify, hold harmless and defend the Escrow Agent and its officers, directors, employees and agents to the maximum extent permitted by law against any and all losses, damages, claims, actions, liabilities, costs and expenses of whatever nature, kind or character (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) which may be imposed on, or incurred by or asserted against the Escrow Agent directly or indirectly arising out of or related to the acceptance and performance by the Escrow Agent of its duties hereunder. This indemnification shall apply whether any such claim, suit, investigation, proceeding or action is based upon (i) the interference with or breach of or alleged interference with or alleged breach of any existing contract in connection with the Series 2006 Bonds, (ii) any untrue statement or alleged untrue statement of a material fact or omission of a material fact required to be stated in any offering document with respect to the Series 2006 Bonds necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or (iii) any other wrongful act or alleged wrongful act of the Authority related to the redemption of the Series 2006 Bonds; provided, however, that this indemnification shall not cover any losses or expenses incurred by the Escrow Agent as a result of its negligence or willful misconduct. In addition to the foregoing, the prevailing party in any lawsuit shall be entitled to attorneys' fees and costs incurred in any judgment proceeding to collect or enforce the judgment. This provision is separate and severable and shall survive the merger of this Agreement into any judgment on this Agreement.

The agreements of the Authority hereunder shall survive termination of this Agreement.

Section 12. Immunities and Liability of Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if the Escrow Agent or the Authority knows of the possibility of such damages. The Escrow Agent shall have no duty or

responsibility under this Agreement in the case of any default in the performance of the covenants or agreements contained in the Trust Agreement. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(c) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(d) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Series 2006 Trust Agreement or the Trust Agreement, other than recitals or representations specifically made by the Escrow Agent.

(e) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunding Bonds with the same rights that it would have if it were not the Escrow Agent and may engage or be interested in any financial or other transaction with the Authority.

(f) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or securities deposited with it to pay the principal of or interest or premium on the Series 2006 Bonds.

(g) The Escrow Agent shall not be liable for any action or omission of the Authority under this Agreement, the Series 2006 Trust Agreement or the Trust Agreement.

(h) Whenever in the administration of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of any authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(i) The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent in connection with this Agreement and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(j) No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Section 13. Termination of Agreement. Upon payment in full of the principal of and interest on the Series 2006 Bonds and all of the fees and expenses of the Escrow Agent as described above, all obligations of the Escrow Agent under this Agreement shall cease and

terminate, except for the obligation of the Escrow Agent to pay or cause to be paid to the owners of the Series 2006 Bonds not presented for payment all sums due thereon and the obligation of the Authority to pay to the Escrow Agent any amounts due and owing to the Escrow Agent hereunder; provided, however, the obligations of the Escrow Agent with respect to the payment of the respective series of Series 2006 Bonds shall cease and terminate two years after the date on which the same shall have become due as described hereunder and in accordance with the Series 2006 Trust Agreement or the Trust Agreement, as applicable.

**IN WITNESS WHEREOF**, the Lincoln Public Financing Authority and U.S. Bank National Association have caused this Agreement to be executed each on its behalf as of the day and year first above written.

**LINCOLN PUBLIC FINANCING  
AUTHORITY**

By: \_\_\_\_\_  
Matthew Brower  
Executive Director

**U.S. BANK NATIONAL  
ASSOCIATION, as Escrow Agent and  
Trustee**

By: \_\_\_\_\_  
Authorized Officer



## EXHIBIT A

### DESCRIPTION OF REDEMPTION PROVISIONS

<u>Name of Bonds</u>	<u>Principal Amount To Be Refunded</u>	<u>Redemption Price</u>	<u>Earliest Redemption Date</u>
Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project), Series 2006	\$[_____]	100%	August 1, 2016

## **EXHIBIT B**

[Form of Notice of Redemption - To Come]

## **EXHIBIT C**

### **SERIES 2006 REFUNDING ESCROW CASH FLOW**

The cash flow for the Series 2006 Refunding Escrow is set forth on [Exhibit A] to the Verification Report prepared by [\_\_\_\_\_], [City], [State], attached hereto and incorporated herein by reference as though fully set forth herein and made a part hereof, relating to the Refunding Bonds.



# 11A

## CITY COUNCIL REPORT

**SUBJECT:** Preliminary Design Report for Tank #3 10MG Storage Tank at Verdera North Project

**SUBMITTED BY:** Ray Leftwich, P.E., City Engineer

**DEPARTMENT:** Engineering Department

**DATE:** September 13, 2016

**STRATEGIC RELEVANCE:** Infrastructure

### **STAFF RECOMMENDATION(S):**

Allow for a presentation of the Preliminary Design Report for Tank #3 10MG Storage Tank at Verdera North Project, and provide staff with comments and additional direction (see Attachments A and B).

### **BACKGROUND / INTRODUCTION:**

The Fiscal Year 2016/17 Capital Improvement Budget includes CIP#377 that is for the design and construction of a ten million gallon (10MG) storage tank near the southwest corner of the intersection of Sierra College Boulevard and Twelve Bridges Drive (Project). The Project is being constructed in conjunction with the Lincoln-Penryn Phase III Pipeline Project (CIP 307) and the 36" Pipeline to Twelve Bridges (CIP 345). In approximately 10 years, there will likely be a need for a second tank at this site. These are key infrastructure improvements to the City's water storage and delivery system that provide capacity for future development.

On March 22, 2016, the City Council approved Resolution No. 2016-055, authorizing the City Manager to approve a work order with Bennett Engineering for Design Engineering Services for the project.

### **FINDINGS/ANALYSIS:**

The Preliminary Design Report is complete and ready for comment and additional direction.

### **CONCLUSION:**

Allow for a presentation of the Preliminary Design Report for Tank #3 10MG Storage Tank at Verdera North Project, and provide staff with comments and additional direction.

### **ALTERNATIVES:**

The City Council may take the following action.

1. Provide staff with additional direction.





# 11A

## **FISCAL IMPACT:**

The FY 2016-17 CIP Budget includes funding in the amount of \$4,489,933 for engineering design services and initial construction for Tank #3, and \$8,090,333 in FY 2017-18.

## **CITY MANAGER REVIEW OF CONTENT:**

## **APPROVED AS TO LEGAL FORM:**

## **CONTRACT ACCOUNTABILITY:**

**Department: Engineering    Staff member: Ray Leftwich**

## **ATTACHMENTS:**

Attachment A: Preliminary Design Report

Attachment B: Preliminary Design Report Presentation



## Attachment A



**Tank #3 at Verdera North Project**

# **PRELIMINARY DESIGN REPORT**

**September 1, 2016**

**Prepared for:**  
City of Lincoln

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- Appendix B – Draft Environmental Survey Map
- Appendix C – United States Seismic Zones Map
- Appendix D – Temporary Access Road Site Plan

## 1 PROJECT OVERVIEW

### 1.1 Project Description

Bennett Engineering Services Inc. (BEN|EN) is preparing design plans, specifications, construction cost estimate, the necessary CEQA document, and will provide construction support for the City of Lincoln Tank #3 at Verdera North (“Project”), a 10 million gallon (MG) tank and pipeline at the north side of the Twelve Bridges community. The tank will serve the City of Lincoln’s growing water demand. The project design includes a 10 MG tank (CIP 377), approximately 5,000 feet of 36” pipeline (CIP 345), development of access roads, trail re-alignment, tank overflow discharge, site sewer, electrical and SCADA, fencing, and filling of the City’s municipal water storage pond. BEN|EN is working closely with the City of Lincoln and Placer County Water Agency (PCWA) to coordinate design of this multi-phase storage tank and pipeline construction project with the Lincoln-Penryn Phase 3 Pipeline Project (“Phase 3 Pipeline”), a PCWA metering station and pipeline project. See Appendix A for a preliminary site layout.

### 1.2 Problem Statement

Construction of this new tank is critical to meet the City of Lincoln water storage requirements. The tank will increase the City’s storage capacity to meet future water demands as well. BEN|EN has prepared an aggressive schedule to get the reservoir online for use in the summer of 2018.

#### 1.2.1 Constraints and Considerations

Constraints and considerations for this project include the following:

- Coordination of construction activities with the local community
- Coordination and phasing of construction schedule in relation to the Phase 3 Pipeline Project which connects this project to the existing Tank #2 and will include a metering station at the Tank #3 site. The Phase 3 Pipeline Project is a separate project.
- Existing access from Camino Verdera is limited and the existing trail is narrow
- Permanent trail access must be restored to the community, and permanent access to the tank site and metering station must be provided for City of Lincoln and PCWA operations staff
- The tank site is located on a hillside requiring extensive earthwork, and excess material will likely need to be removed from the site
- Community feedback from the Verdera Homeowners Association (HOA) and neighbors along Sierra College Boulevard to the northeast may directly affect design decisions

- Tank overflow routing will either require drainage easements through adjacent properties, or at a higher construction cost, a channel to the drainage pond to the west
- Vegetation on and around the tank site includes oak trees, elderberry bushes, and wetlands
- Utilities throughout the Verdera North subdivision and raw water lines through the tank site must be avoided or relocated

Possible solutions to these constraints and considerations are discussed further in subsequent sections of this report.

### **1.3 Project Goals and Understanding**

BEN|EN understands the City desires a cost-effective water storage facility to expand the City's water storage capacity to meet future water demand. The project team understands the goals for this effort include:

- Site layout for two 10 MG water storage tanks
- Design and bid documents for one 10 MG Type I or Type III pre-stressed concrete tank
- Design and bid documents will include wet and dry utility extensions to the site
- Phased project schedule for construction of the first 10 MG tank, including standalone pipeline improvement plans and specifications. The separate pipeline bid package will be bid with the Phase 3 Pipeline Project.
- Phased project cost estimate coordinated with schedule
- Reliable method of tank overflow
- Environmental Impact Report (EIR) update to reflect grading for second tank site
- Technical Memoranda to document design decisions
- Similar in design and operations as City of Lincoln Tank #2
- Minimize construction and visual impacts to neighbors
- Restore the existing trail and trail parking

### **1.4 Reference Documents**

The following is a list of reference documents and information used in the preparation of this Preliminary Design Report.

- Pipeline and Site Grading Preliminary Plans prepared by ECO:LOGIC in 2009
- Lincoln-Penryn Pipeline Phase 3 Metering Station and Pipeline Design Plans prepared by Ubora in 2016
- Twelve Bridges Village 18 & Village 19 Improvement Plans
- Geotechnical Investigation Report prepared by Kleinfelder in 2009

## 2 PROJECT DESIGN CRITERIA

### 2.1 *Hydraulics*

The proposed water storage tank will have a tank pad elevation of 554', hydraulic grade line of 587.25' (operating level), and overflow level of 587.75'. The tank overflow elevation is proposed to match that of Tank #2 for operational reasons. The pad elevation of Tank #2 was confirmed by project's land surveyor. Flow rate into the tank ranges seasonally approximately between 2,500 gallons per minute (gpm) in the winter to 10,000 gpm in the summer (assuming flows will be similar to the existing Tank #2 flow rates).

### 2.2 *Geotechnical*

GEOCON, the geotechnical engineer working with our team, has reviewed the geotechnical report completed as part of the design prepared by ECO:LOGIC in 2009. GEOCON has completed borings and test pits and will prepare a complete geotechnical report for this project.

#### 2.2.1 *Subsurface Conditions*

Soils at the tank site and within the proposed pipeline alignment consist predominantly of Mehrten Formation conglomerate and associated fill and colluvium. The Mehrten Formation conglomerate consists of weakly to moderately cemented, rounded andesitic gravel, cobbles, and boulders in a sandy to clayey matrix. The conglomerate extends to a depth of at least 28 feet (the maximum depth of exploration) beneath the tank site. The fill and colluvium were generally similar to the formational material but non-cemented and with a decreased proportion of cobbles and boulders.

We encountered fill material within the roadway embankment on the north side of Twelve Bridges Drive. The fill that we observed in borings consisted of hard sandy silt/silty sand with gravel, cobbles, and boulders. During drilling, we encountered auger refusal in the fill at depths of 2 feet and 7 feet. Based on review of topography along the north side of Twelve Bridges Drive, fill depths in that area appear to be in the range of approximately 6 to 40 feet.

We encountered colluvium overlying the conglomerate at the tank site from the surface to depths of approximately 2 to 4 feet. The colluvium at the site generally consists of dense silty gravel with sand, cobbles, and boulders. We observed boulders up to approximately 6 feet maximum dimension embedded in surficial soils. Table 2.1 provides anticipated excavation characteristics.

**TABLE 2.1.** Anticipated Excavation Characteristics

Geologic Unit	Excavation Characteristics
Fill	Existing fill generally consists of hard/dense sandy silt/silty sand with gravel, cobbles, and boulders. We anticipate moderate excavation effort with conventional, heavy-duty grading equipment. The presence of oversize rock (greater than 12 inches in maximum dimension) should be anticipated and may increase excavation difficulty.
Colluvium	Colluvium at the site generally consist of soft sandy silts with gravel, cobbles and boulders. We anticipate moderate excavation effort with conventional, heavy-duty grading equipment, except where large boulders are encountered. The presence of oversize rock should be anticipated and may increase excavation difficulty.
Merhten Formation Conglomerate	<p>Mehrten Formation (cobble conglomerate) generally consists of weakly to moderately cemented, rounded andesitic gravel, cobbles, and boulders in a sandy to clayey matrix. We encountered excavation refusal at depths ranging from 2 to 6 feet within the Mehrten Conglomerate using a Bobcat 435ZHS mini-trackhoe with a 12-inch bucket as well as a Dietrich D120 drill rig equipped with 8-inch-diameter hollow-stem augers. Difficult excavation characteristics should be anticipated.</p> <p>Pre-ripping with a large dozer (such as Caterpillar D9 or larger) will likely be required for grading, and large excavators (such as Caterpillar 245 or equal) or rock trenchers will likely be required for trenching.</p> <p>Mehrten Formation Conglomerate generally excavates as silty to sandy gravel with cobbles and boulders. The presence of oversize rock exceeding 24 inches in maximum dimension should be anticipated and may increase excavation difficulty.</p>

### 2.2.2 Materials for Fill

Excavated soil and rock generated from cut operations at the site are suitable for use as engineered fill in structural areas provided they are examined and selectively placed during grading in accordance with the following recommendations. The generation of cobbles and oversize material should be anticipated, including boulders in excess of 24 inches in maximum dimension.

- Deleterious material, material with greater than 3% organics, and debris should be exported from the site and not incorporated into structural fill.
- Fill material in areas with underground utilities, foundations, and areas within 5 feet of slope faces should consist of 6-inch-minus material with a sufficient amount of soil to provide adequate binder to reduce the potential for excavation caving.
- In other areas (general fill areas without utilities, foundations, and not within 5 feet of slope faces), rock or cementations larger than 6 inches but less than 2 feet in maximum dimension may be used. Rock or cementations greater than 2 feet in maximum dimension should not be used. This material should contain a sufficient amount of soil to fill void spaces between rocks and reduce rock nesting (concentrations of rock with void space).
- If sufficient soil fill materials are not present at the site to mix with onsite rock material, import of soil fill material will be necessary.

### 2.2.3 Ground Shaking

We used the United States Geological Survey (USGS) computer program *2008 Interactive Deaggregations* to estimate the peak ground acceleration (PGA) and modal (most probable) magnitude associated with the 2,475-year return period. The USGS estimated PGA for the site is 0.16g and the modal magnitude is 7.0. Seismic design parameters are included in Table 2.2.

**TABLE 2.2.** Seismic Design Parameters

Parameter	Value	2013 CBC / ASCE 7-10 Reference
Site Class	C	Section 1613.3.2 / Table 20.3-1
MCE <sub>R</sub> Ground Motion Spectral Response Acceleration – Class B (short), S <sub>s</sub>	0.482g	Figure 1613.3.1(1) / Figure 22-1
MCE <sub>R</sub> Ground Motion Spectral Response Acceleration – Class B (1 sec), S <sub>1</sub>	0.243g	Figure 1613.3.1(2) / Figure 22-2
Site Coefficient, F <sub>A</sub>	1.200	Table 1613.3.3(1) / Table 11.4-1
Site Coefficient, F <sub>V</sub>	1.557	Table 1613.3.3(2) / Table 11.4-2
Site Class Modified MCE <sub>R</sub> Spectral Response Acceleration (short), S <sub>MS</sub>	0.579g	Eq. 16-37 / Eq. 11.4-1
Site Class Modified MCE <sub>R</sub> Spectral Response Acceleration (1 sec), S <sub>M1</sub>	0.379g	Eq. 16-38 / Eq. 11.4-2
5% Damped Design Spectral Response Acceleration (short), S <sub>DS</sub>	0.386g	Eq. 16-39 / Eq. 11.4-3
5% Damped Design Spectral Response Acceleration (1 sec), S <sub>D1</sub>	0.252g	Eq. 16-40 / Eq. 11.4-4
Seismic Design Category	D	ASCE 7-10; Tables 11.6-1 and 11.6-2
Importance Factor, I	1.50	AWWA D110-13, Table 2
Long Period Transition Period, TL (seconds)	12	

### 2.3 Environmental

Biological site surveys were conducted the week of June 7, 2016 on the Lincoln Tank #3 at Verdera North site. The biologists collected data to support wetland delineation, Valley Elderberry Longhorn Beetle (VELB) habitat identification, and a partial arborist study. The survey area covered the tank sites and surrounding area, the historic pond and surrounding area, and the pipeline route along the gravel access road and along Twelve Bridges Drive. A cultural resources records search and pedestrian survey has also been conducted within the defined study area.

### **2.3.1 Permitting Strategy**

The team concluded that work in the main tank area and the pipeline will likely avoid impacts to wetlands and special-status species, but work in the historic pond will result in impacts to wetlands. Therefore, State and Federal permits for only the pond/residential project are anticipated.

### **2.3.2 Wetlands**

The tank/pipe project appears to avoid wetland impacts (no permits needed). We anticipate to either 1) demonstrate that the ditch at this location is not jurisdictional, or if it is jurisdictional, 2) develop a plan that avoids the ditch. The wetlands are generally restricted to the historic municipal water storage basin, the channel between PCWA's Caperton Canal and the historic pond, and a small seasonal wetland just south of the historic pond basin. Acreage calculations are pending the completion of the final map, but the total wetlands located to date are under one half acre. A ditch north of the historic pond and south of the gravel access road was noted and examined, but has been found to be an artificial ditch with no wetland characteristics. United States Army Corps of Engineers (USACE) concurrence will be required to finalize the wetland delineation.

### **2.3.3 Special-Status Species**

The VELB habitat survey resulted in the mapping of five elderberry shrubs. Two shrubs occur just outside the historic pond basin on the north side, one occurs north of the historic pond approximately 40 feet from the gravel access road, and the other two occur along the gravel access road west of the tank site. Stem sizes and numbers for each shrub were recorded. None occur within riparian habitat, and none contained potential VELB exit holes. It appears that all shrubs that need to be removed can be contained in the site boundary of the pond/residential project, thereby allowing for them to be addressed through a federal nexus with the USACE. The USACE may determine that there is no effect on VELB, closing the issue for the City. If the City did not have this federal nexus and contacted the United States Fish and Wildlife Services (USFWS) on their own, the process (Section 10) may be lengthy and unproductive.

### **2.3.4 Oak Trees**

An arborist study of native oak trees has been completed for a majority of the study area. The proposed project will require substantial oak tree removal. The team is working to refine the project to minimize the tree removal and/or identify the best route for project elements so that trees in poor health are selected for removal over trees in good condition.



### **2.3.5 Cultural Resources**

Three previously unidentified bed rock mortar (BRM) stations (prehistoric cupules) were identified within the site boundary. It appears that most of these rock outcroppings can be avoided, but one of them may need to be covered in fill material. Consultation with local tribes may be required. No records related to the pond or ditch were found in the records search, therefore the pond must be recorded and evaluated for eligibility for the Historic Registry. A Section 106 report will need to be prepared for these resources concurrent with the preparation of the Section 404 application, so that the USACE can consult with a State Historic Preservation Officer (SHPO).

### **2.3.6 Mitigation**

The City will need to buy 0.139 acres (ac) of pond and 0.38 ac of seasonal wetland. The 0.139 ac of marsh credits (at approximately \$125,000/ac credit) and 0.38 ac of seasonal wetland credits (at approximately \$250,000-\$300,000/ac credit) will cost approximately \$17,375 marsh and \$95,000-\$114,000 wetland credits. These are based on cost estimates received from mitigation banks that service the Lincoln area, however the prices are subject to change. Also, the numbers are assuming a mitigation ratio of 1:1 and that all features mapped on the delineation map (Appendix B) will be affected.

## **2.4 Tank Design Parameters**

### **2.4.1 Type**

The City of Lincoln is considering both D110 Type I and Type III tanks. D110 is an American Water Works Association (AWWA) pre-stressed concrete water storage tank, Type I tanks are cast-in-place, and Type III tanks are pre-cast. Table 2.3 shows the pros and cons of each tank type.

**TABLE 2.3.** Pros and Cons of Type I and Type III Tanks

Tank Type	Pros	Cons
Type I	<ul style="list-style-type: none"> <li>• Proven seismic performance for this tank size</li> <li>• Cast-in-place seismic cables</li> <li>• Continuous reinforcement and water stops</li> <li>• Vertical pre-stressing</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially higher cost</li> <li>• Longer construction time</li> </ul>
Type III	<ul style="list-style-type: none"> <li>• Potentially lower cost</li> <li>• Shorter construction time</li> </ul>	<ul style="list-style-type: none"> <li>• Seismic cables secured after concrete cures</li> <li>• No water stops</li> <li>• More susceptible to leaking</li> <li>• Requires large area around tanks to pour walls</li> </ul>

Given the pros and cons of each tank type, as well as discussions with City staff and consultation with tank manufacturers, BEN|EN recommends a Type I tank.

#### 2.4.2 Size

The proposed storage tank will have a volume of 10 million gallons. The tank height from bottom to the underside of the roof is 35'. Since the tank is restricted by specific elevations hydraulically (see Section 2.1), the diameter has been set to meet the volume requirement. The inner diameter of the tank is approximately 230' for a domed roof, and 234' for a flat-top roof. The diameter is slightly different because a flat-top roof requires columns (see Table 2.2). A domed roof requires an additional 23' of height above the tank wall, and a flat-top roof requires an additional 1.75' of height above the tank wall. The thickness of the tank wall will be determined by the tank supplier.

#### 2.4.3 Mixing

Water stored in a reservoir for extended periods can lose chlorine residual. Under normal operation, this can be controlled by proper cycling of the tank. If the water in the tank is not cycled, stagnant water pockets can form in the tank that affect water quality. Water quality issues can usually be alleviated by operational strategies that allow a tank to fill and drain during use (cycling). Water quality concerns include trihalomethane (THM) formation and reduced disinfection contact time.

BEN|EN believes that proper operation of cycling the tank and inlet/outlet positioning can provide adequate mixing of water in the tank. Typically, water purveyors do not use additional mixing beyond inlet/outlet positioning. However, due to the size of the tank and uncertainties regarding

water demand initially, the City has requested that provisions be made to accommodate the installation of mixing equipment in the future (see Section 2.4.3.3).

#### **2.4.3.1 Inlet/Outlet Position**

One way to increase mixing in a tank is to position the inlet and outlet away from each other to provide circulation of water in the tank. Oftentimes, due to yard piping restrictions, it is cost-prohibitive to locate the inlet and outlet on opposite sides of the tank. To supplement mixing in these cases, angled duck bill valves are used at the tank inlet to act as a nozzle to force the water away from the outlet.

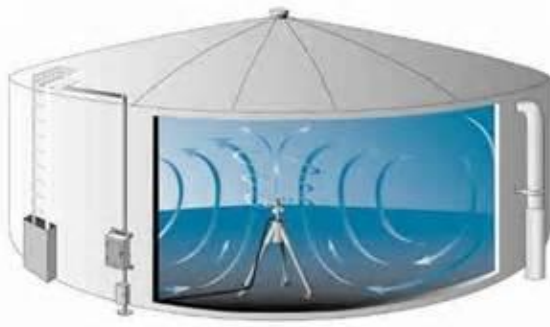
#### **2.4.3.2 Curtain**

The addition of suspended or baffle wall curtains improves water flow patterns in the tank to reduce stagnant water pockets. Curtains can be included in the original design or the tank can be equipped with infrastructure to support addition of the curtains at a later date.

#### **2.4.3.3 Mixing Products**

If the City of Lincoln desires additional mixing, several supplemental mixing devices can be installed in the tank, including Solar Bee, PAX, Tank Shark, and others. If, during design, it is determined that the inlet/outlet positioning does not provide adequate mixing, the design will include installation of these aftermarket products.

Due to City concerns regarding sufficient mixing, BEN|EN recommends the installation of appurtenances for these aftermarket products for installation at a later date. If adequate tank mixing is not attained by cycling water in the tank and optimal inlet/outlet positioning, BEN|EN recommends installation of the PAX Water Mixer. This mixer would only require an electrical supply, and can be manually lowered into the tank without the use of a crane or lifting equipment. We recommend that an empty electrical conduit be included in the design should this be desired in the future.



**Figure 2.1.** PAX Water Mixer



**Figure 2.2.** Solar Bee Tank Mixer

#### **2.4.4 Vents**

Tank venting is required to allow air to enter and exit the tank as it fills and drains to avoid damaging pressure differentials. The vents will be sized for the maximum inlet and outlet flow. The vents will be screened as required by State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW). Construction specifications will include provisions for the contractor to adhere to current DDS standards for the vent screens.

#### **2.4.5 Tank Access**

BEN|EN recommends a minimum of three access hatches be provided by the tank supplier for tank inspection, cleaning, repairs, and installation/repair of tank appurtenances. The first hatch is a primary access hatch with a ladder and a landing, requiring a larger hatch opening. The second hatch is an observation hatch which is typically located above the tank overflow. The third hatch is an equipment hatch for additional tank appurtenances or mixing equipment. Additional hatches can be added at a minimal cost as requested by the City.

#### **2.4.6 Roof Type**

Type I and Type III tanks can have a concrete column supported flat slab-top roof or a free-spanning domed roof. The pros and cons of each roof type are included in Table 2.4. The City of Lincoln is within Zone 3 as defined by USGS (Appendix C), which is a high risk seismic area. For further discussion regarding local seismic information, see Section 2.4.7. The largest tank built with a dome roof in a high seismic area is 170 feet in diameter. Dome roof heights are typically 10% of the total tank diameter. For this reason and to reduce negative visual impact for the neighboring community, a flat-top roof is recommended.

**TABLE 2.4.** Pros and Cons of Flat-top Roofs and Dome Roofs

Roof Type	Pros	Cons
Flat-top	<ul style="list-style-type: none"> <li>• Lower visual impact</li> <li>• Reduced maintenance</li> <li>• East to walk on or place equipment on</li> </ul>	<ul style="list-style-type: none"> <li>• Requires columns with footing on interior of tank</li> <li>• Diameter needs to be larger to accommodate the same volume (100-110 columns)</li> </ul>
Dome	<ul style="list-style-type: none"> <li>• No obstructions inside tank</li> <li>• More uniform loading of floor slab</li> </ul>	<ul style="list-style-type: none"> <li>• Larger visual impact (approximately 21' taller than flat-top roof)</li> <li>• Difficult to walk on or place equipment</li> <li>• No case studies done for a dome structure of this magnitude in a high seismic area</li> <li>• Less accepting of differential settlement due to point loads</li> </ul>

#### 2.4.7 Seismic Information

According to Appendix C from USGS, Placer County is located within Zone 3 which is used for structural design. Zone 3 and Zone 4 are considered high seismic areas. Originally, ASCE 7 required that the U.S. Seismic Zones Map (Appendix C) be used for seismic design (ground acceleration = 0.3g). However, ASCE 7 now requires the seismic design to use the local ground acceleration, which can be determined by an online USGS tool in which the user can provide coordinates of a project site and obtain local seismic parameters as outputs.

#### 2.4.8 Materials Testing

NSF 61 standards require concrete core samples or aggregates used in concrete for potable water storage tanks to be tested for contaminants, including radon. This testing will need to be coordinated by the contractor selected for this project. This testing can cause delays in the project and as such should be coordinated with the contractor as early as possible. The requirement for testing will be included in the construction specifications and discussed during the pre-bid meeting, and listed in the submittal requirements.

#### 2.4.9 Tank Washdown

The storage tank will have an internal sump that will route washdown water from the tank to the sewage holding tank on site.

#### **2.4.10 Altitude Valve**

BEN|EN staff met with Chuck Poole, a City of Lincoln water system operator, to discuss operational needs for this project. Current operations at Tank #2 were discussed, a tank nearly identical to the current tank project design. One item discussed was the altitude valve at Tank #2, which was non-operational due to low head available from the metering station. The altitude valve regulates the high water level in the reservoir.

The altitude valve at Tank #2 is the only way for the City of Lincoln to prevent overflow of the tank. This issue will be addressed during design of Tank #3 (current project), and a solution will be reached for the existing issue at Tank #2.

### **2.5 Earthwork**

It is estimated that the project will generate 60,300 cubic yards of cut and require placement of 17,400 cubic yards of fill, requiring 42,900 cubic yards of offhaul (assuming Type I tank). The tank site and community trail extension to the south of the tank site will require cut, while the graded parcels along Fuente Place and the metering station access road to the north of the tank site will require fill. If the project needs to be phased due to a delay in environmental permitting (as discussed in Section 2.5.4) and the historic pond infill site work is postponed, we expect approximately 47,600 cubic yards of cut, 13,400 cubic yards of fill, and 34,100 cubic yards total net offhaul.

#### **2.5.1 Tank Grading**

In determining the horizontal tank location, BEN|EN considered various options. Siting the tank in a location where there is all cut and no fill (into the hillside) would provide a uniform soil base for the tank foundation to avoid differential settlement. However, this requires a significant amount of excavation and offhaul. Another option is to locate the tank site where the earthwork volumes are balanced (requiring fill under a portion of the tank). This would require over-excavation and re-compaction of the cut area to provide a uniform soil base and prevent differential settlement. Due to the steep grade at the site, this option requires significant over-excavation and re-compaction. Other considerations, including site access, proximity to existing and proposed homes, and proposed trail route alignment, were also considered when evaluating the location.

BEN|EN proposes a storage tank location that minimizes the amount of offhaul and over-excavation required while providing adequate site access, tolerable proximity to existing and proposed homes, and a trail re-alignment that mitigates environmental impact and avoids steep grades.

### **2.5.2 Historic Pond Infill Site**

The historic pond site will be graded for future development of homes along Bella Circle and Fuente Place. The desired finished elevation of this graded area is 586', which is approximately 4' above Fuente Place road elevation. GEOCON will evaluate the soil type within the site. If soil unsuitable for the development of homes is found and mixing of soils from the tank site is not possible, that soil will be hauled from the site.

### **2.5.3 Metering Station**

The excess cut material from the Phase 3 Pipeline Project was originally intended to be used to fill the City of Lincoln historic pond site along Fuente Way. Further analysis has revealed that the tank site will have significant excess soil, so we recommend that metering station specifications require the contractor to dispose of any excess cut.

### **2.5.4 Phased Stockpiling**

The wetlands at the City historic pond site will require additional permitting, as stated in Section 2.3. If the wetlands permitting process is delayed, the tank and pipeline projects can proceed with construction work if a phasing plan is developed to stockpile spoils until environmental permitting allows filling the historic pond site. This phasing plan will be developed during design and included as part of the construction documents, if required.

### **2.5.5 Differential Backfill**

In an effort to lessen offhaul, one option is to backfill one side of the tank and/or surround the tank with 5 to 7 feet of fill (partially bury). Because the tank is situated on a hillside, the uphill side can be backfilled but would require additional structural components, including a slab extension. A slab extension would provide structural support to the tank, mitigating lateral pressure. The slab extensions are designed to counter the overturning moment created by the lateral pressure.

To backfill the full height of the tank on one side, a 10-foot slab extension (structural support) is required. If 7 feet or less of backfill is used on one side, no structural support is needed. Backfilling between 7 feet and the total tank height requires a slab extension less than 10 feet, but will vary depending on soil conditions to be determined during tank design.

Four options exist for backfilling the tanks:

- Option 1 is to grade a tank pad with no backfill on the tank walls. The offhaul for this option costs approximately \$65,000.
- Option 2 is to grade a tank pad with a backfill up to 7 feet on one side of the tank wall. This option results in less offhaul and does not

require structural support. The total cost of the offhaul is approximately \$20,000.

- Option 3 is to grade a tank pad and backfill up to existing grade on one side of the tank wall (approximately 12.5 feet). This option results in the least amount of offhaul and requires a slab extension. The total cost of the offhaul and slab extension is approximately \$40,000.
- Option 4 is to grade a tank pad and backfill up to the existing grade on one side of the tank wall (approximately 12.5 feet) and fill around the remainder of the tank to a level of 5.5 feet (no slab extension required). This option would require large retaining wall and significantly more earthwork, but would require less offhaul. The total cost of the offhaul, backfill, and retaining wall is approximately \$120,000.

Frequency of roof inspections is another consideration for the above options. Operators must inspect storage tank roofs daily if they have rooftop access by a service road. Otherwise, inspections only need to be performed once every 6 months.

BEN|EN recommends backfilling the uphill side of the tank to the highest level possible without needing a slab extension (Option 2). Our initial evaluation shows that level to be approximately 7 feet. This number will need to be verified during design by the tank supplier using soil information collected at the site. In addition to reducing offhaul, partially burying the tank provides some aesthetic benefits because less of the tank structure is exposed, therefore reducing visual impacts.

## **2.6 Permanent Access**

### **2.6.1 Storage Tank and Metering Station**

Alignment of the permanent access road to the tank site, PCWA metering station, and Caperton Canal is located north of the storage tank site. This road will require fill material because of the steep grades to the north. To avoid encroachment onto neighboring parcels, a retaining wall may be necessary. The road will be 14 feet wide, topped with crushed rock, and constructed at a 5% cross-slope. It assumed that the cut slope will be graded at a 2:1 slope. The roadway will not encroach upon neighboring properties. BEN|EN will work closely with the City of Lincoln to ensure proper access and connection to the future PCWA metering station and Caperton Canal.

### **2.6.2 Community Trail/Access Road**

Alignment of the re-routed community trail runs north and west across the City's historic pond site near Fuente Place, located just southwest of the tank



site. The re-routed trail will be 8 feet wide, topped with crushed rock, and constructed at a 5% cross-slope. It is assumed that the cut slope will be graded at a 2:1 slope. The trail will not encroach upon neighboring properties. The new route will connect to the existing community trail to the east. Additionally, the existing trail closer to Camino Verdera may be widened using excess cut material from the tank project.

## **2.7 Reservoir Overflow**

### **2.7.1 Weir Versus Funnel**

Typically, a funnel on top of the overflow pipe is used in water storage tank design. The funnel has a limited weir length requiring the depth of water over the weir to increase to provide the design overflow rate. In an effort to reduce the overall profile of the storage tank, a weir box overflow along the inside wall of the reservoir can be used in lieu of the funnel overflow. The longer weir overflow reduces the weir overflow water depth, allowing the tank height to be lower. These details will be coordinated with the tank supplier during design.

### **2.7.2 Spillway Alignment**

According to the engineer's estimate of probable construction costs (100% design) by ECO:LOGIC in 2009, a concrete-lined spillway along the existing access road would cost \$1,712,340. Since the estimate was done in 2009, BEN|EN has updated the 2009 value to 2015 dollars by using the Engineering News-Record (ENR) index. The updated cost is \$2,015,504.

## **2.8 Site Sewer**

PCWA is requiring a restroom to be included in the new metering station (not part of this project). In addition, the tank site and/or metering station may have a washdown area that creates wastewater. Two options for removal of wastewater from the site are a lift station that discharges to the City of Lincoln public sewer system, or an on-site holding tank that is emptied as needed with a vactor truck.

### **2.8.1 Lift Station and Force Main**

A public sewer connection would require construction of a lift station and nearly 1,000 feet of sewer force main. The flows in this system would be sporadic and very low, likely causing maintenance issues.

### **2.8.2 Holding Tank**

A small holding tank at a depth to provide gravity flow from the metering station and other washdown areas could be installed onsite. The City of Lincoln would empty the tank as needed using a city vactor truck. Regular access to the site with a vactor truck would need to be provided. This option

is less costly but requires regular service of a vactor to remove wastewater. BEN|EN recommends this option.

## **2.9 Electrical**

The electrical design for this project includes providing separate PG&E electric services to the metering station and storage tank. It is anticipated that the metering station will have lights and receptacles, a crane, a fan, and telemetry. The water tanks will have telemetry, possibly electrical valve operation (see Section 2.4.10 regarding altitude valve retrofitting), and the ability to add supplemental mixing appurtenances (see Section 2.4.3.3).

## **2.10 Construction**

### **2.10.1 Construction Access**

BEN|EN will design a temporary construction access route near the intersection of Camino Verdera and Twelve Bridges Drive to avoid construction vehicles on Camino Verdera. See Appendix D for the temporary access road layout to the existing trail leading to the tank site.

We anticipate that the existing parking lot near Camino Verdera will have to be closed during construction. This parking lot can be used by the contractor for construction staging.

### **2.10.2 Construction Contract**

For this project, the BEN|EN team is providing a Design Assist method for the procurement of the tanks (the majority of the pipeline will be bid separately and likely with the PCWA Phase 3 pipeline). The BEN|EN team will provide the full design of the project components except for the tank. The tank will be bid requiring a tank supplier to provide the design of the tank.

There are a couple options for procuring the construction team. The two options best suited for this project include 1) requiring the tank supplier to build the tanks themselves; or 2) requesting bids from experienced general contractors who include the tank supplier on their team. For this second option, the City could pre-negotiate a pre-stressing cost to be passed on to the selected contractor. Because there are limited tank suppliers in the area, there is a concern with getting competitive bids. We recommend allowing experienced contractors to bid the job using a tank supplier to provide the design and a pre-negotiated pre-stressing cost with the tank supplier.

### **2.10.3 Construction Phasing**

The approach to this project includes splitting the project into two bid documents. This allows the team to expedite construction of the pipeline, while design of the tank continues. It will also allow for contractors with

pipeline expertise to bid and be competitive on the pipeline project, and for contractors with tank experience to bid and be competitive on the tank project separately. The main portion of the 36" water pipeline is planned to be bid with the pipeline portion of the PCWA Phase 3 Pipeline project. The plans and specifications for this project will include site grading for both tanks. However the City of Lincoln has chosen to bid and construct only the eastern tank as part of this project. The western tank will be shown as not a part of this project (will likely be needed in approximately 10 years).

#### **2.10.4 Construction Schedule**

The plans and specifications for the pipeline portion of the project will be completed and ready to bid in September 2016. Bids will be requested in conjunction with the PCWA pipeline currently under design. Plans and specifications for the tank and appurtenances will be complete in Spring 2017.

### **3 PIPELINE ALIGNMENT AND CONSTRUCTION**

#### **3.1 Pipeline Alignment**

The 36" pipeline will begin near the tank site and continue approximately 1,800 feet along the side of the gravel trail to the north of the Twelve Bridges community. It then continues into Camino Verdera toward Twelve Bridges Drive for approximately 150 feet, then along the north side of Twelve Bridges Drive 2,850 feet, connecting to an existing City of Lincoln 30" pipeline.

#### **3.2 Pipeline Materials**

The project will be bid to include provisions for ductile iron pipe (DIP) or cement mortar lined and coated steel pipe. The City of Lincoln standard specifications allow both pipe materials. This will allow for competitive pipe material costs.

#### **3.3 Cathodic Protection**

Both pipe material options specified will require cathodic protection to prevent corrosion of steel in the pipeline. BEN|EN's geotechnical subconsultant will determine the necessary soil characteristics for use by BEN|EN's corrosion protection subconsultant. The cathodic protection subconsultant will provide provisions to the pipeline design to protect the pipeline from corrosion.

#### **3.4 Construction**

Construction of the pipeline will be traditional open-cut trench construction per City of Lincoln standard specifications.

## 4 UTILITIES AND SURVEY CONTROL

### 4.1 Sewer (Lincoln)

The design for this project will include sewer service for the metering station. The preferred option for sewerage the metering station is an onsite holding tank. But if necessary, there are 6" and 8" public sewer pipelines in Bella Circle that provide an alternative option. It is not anticipated that we will need to connect to this. We will, however, need to accommodate for this potential crossing of the unregulated water line connection.

### 4.2 Electricity (PG&E)

The City of Lincoln has an electrical service, which is not in use, located on the southwest corner of Sierra College Boulevard and Twelve Bridges Drive. Further research has indicated that it may be feasible to obtain new electrical service for the metering station and the tanks (see Section 2.9). PCWA will need a service for the metering station and the City of Lincoln will need a service for electrical needs at the tank site. Each should be able to be provided from existing power in Bella Circle.

### 4.3 Gas (PG&E)

PG&E has facilities located along Twelve Bridges Drive, Camino Verdera, and Bella Circle. These facilities must be located by the contractor and protected in place.

### 4.4 Water

#### 4.4.1 Potable (Lincoln)

The metering station will have a 36" water line that will provide water service to the 523' pressure zone and will be used to feed the water tanks and continue on the 36" pipeline alignment down Twelve Bridges Drive, connecting to the 30" pipeline to the north. The metering station also provides a 16" "unregulated flow" pipeline that we will pick up and connect to the existing 12" pipeline in Bella Circle.

#### 4.4.2 Raw (PCWA)

PCWA's Caperton Canal runs along the south side of the tank project site. We believe there to be at least three raw water services off of the canal that feed the two houses on Sierra College Boulevard and the landscaping at the entrance to the Twelve Bridges community on the corner of Sierra College Boulevard and Twelve Bridges Drive. The locations of these services are unknown at this time, and must be located by the contractor and protected in place.

#### **4.5 Communications**

Wave Broadband has facilities located along Twelve Bridges Drive, Camino Verdera, and Bella Circle. These facilities must be located by the contractor and protected in place.

Consolidated Communications has facilities located along Twelve Bridges Drive that must be located by the contractor and protected in place.

AT&T has facilities throughout the entirety of the project area, including Twelve Bridges Drive, Camino Verdera, and Bella Circle. These facilities must be located by the contractor and protected in place.

#### **4.6 Storm Drain (Lincoln)**

A City of Lincoln storm drain (15", 18", and 24") runs within Bella Circle and Fuente Place. We will need to accommodate for this potential crossing of the unregulated water line connection.

#### **4.7 Survey Control**

The BEN|EN surveyor has verified existing survey control used for the ECO:LOGIC and Ubora designs. The BEN|EN design will utilize the same survey control for this project.

## 5 EASEMENT REQUIREMENTS

### 5.1 *Drainage*

The City of Lincoln is not required to purchase an easement for any property for construction of this project. However, if the City chooses to route the tank overflow to the north, drainage easements over one or more adjacent parcels may be required along the existing natural drainage courses.

## **6 OPINION OF PROBABLE CONSTRUCTION COST**

We have reviewed the construction cost provided by ECO:LOGIC in 2009. The estimate seems complete and accurate based upon 2009 unit costs. The 2009 cost estimate total is \$9.93M. Adjusting that amount using Engineering News-Record (ENR) cost index (2015) raises that cost estimate to \$11.81M.

In the report, we have identified several potential cost-saving items. The most prominent of those is the overflow discharge. That option will be evaluated further during design.

The cost of environmental mitigation and filling of the historic pond site will be partially or completely offset by future sale of the pond site for land development.

For the FY 2016-2017, the City of Lincoln has budgeted \$17.2M for the 36" pipeline and 10MG tank projects.



**TABLE 6.1.** Preliminary Project Construction Costs

<b>PIPELINE PROJECT</b>	
Mobilization/Demobilization	\$15,000
36" Pipeline	\$2,424,000
Appurtenances	\$10,000
Tank Spillway	\$2,000,000
Contingency (20%)	\$489,800
Subtotal	\$4,938,800
<b>TANK PROJECT</b>	
Mobilization/Demobilization	\$20,000
Site Grading	\$139,200
Offhaul	\$600,000
Tank Backfill	\$20,000
10 MG Concrete Storage Tank	\$6,000,000
36" Pipeline	\$494,100
16" Pipeline	\$267,900
Overflow Pipeline	\$20,000
Valves	\$90,000
Appurtenances	\$50,000
Electrical/SCADA	\$250,000
Site Sewer	\$25,000
Contingency (20%)	\$1,595,300
Subtotal	\$9,571,500
<b>SOFT COSTS</b>	
Engineering	\$532,500
Environmental Mitigation	\$132,000
Construction Management	\$250,000
Soft Cost Contingency (20%)	\$182,900
Subtotal	\$1,097,400
<b>TOTAL</b>	<b>\$15,607,700</b>

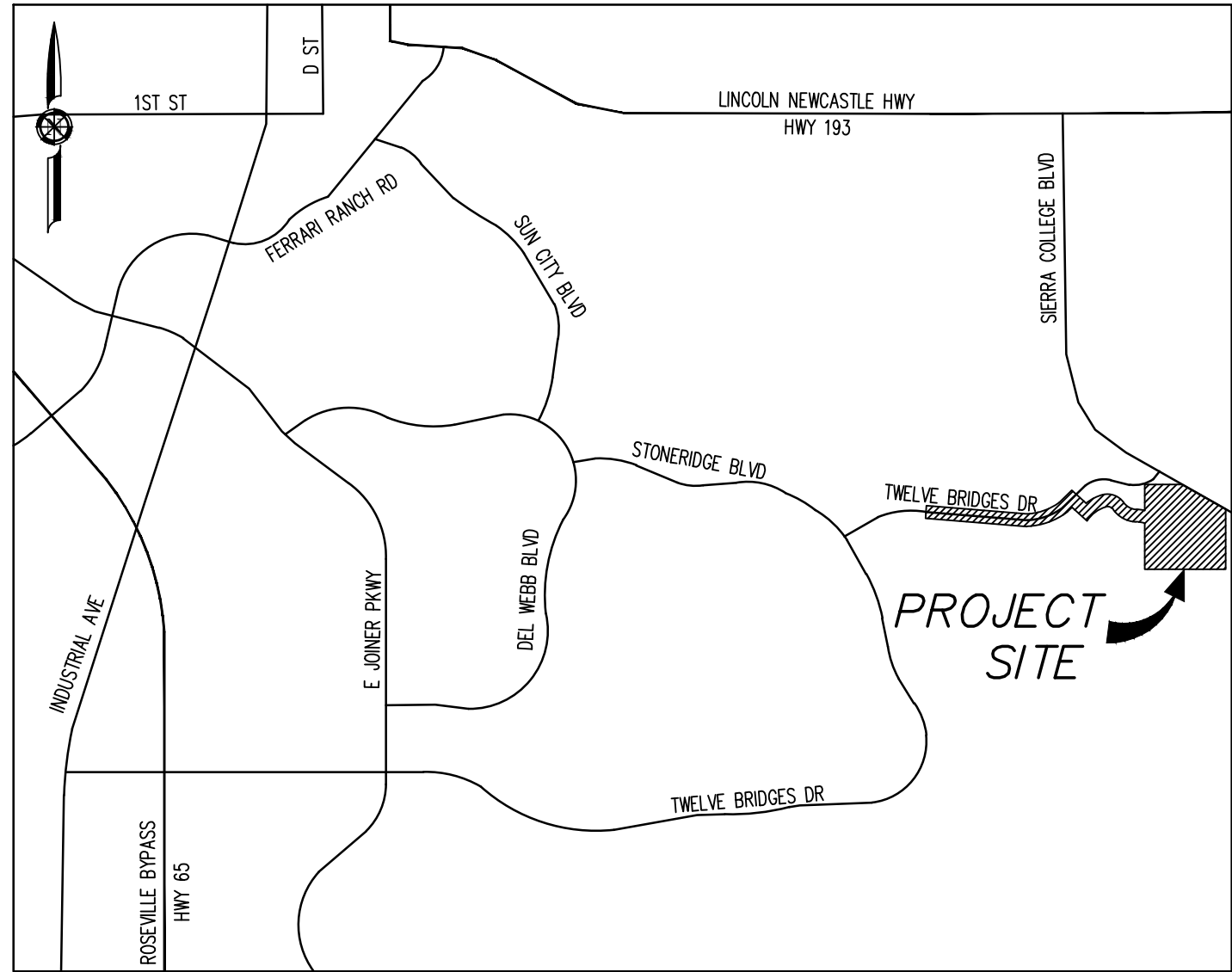
## **7 PUBLIC OUTREACH**

The adjacent properties including those along Sierra College Boulevard, Bella Circle, and Fuente Place as well as motorists on Twelve Bridges Drive could be affected by the construction of the proposed facilities. The Verdera Homeowners Association and neighbors to the north of the project will be invited to a public meeting. The goal of this meeting is to inform them about the project and to address their concerns.

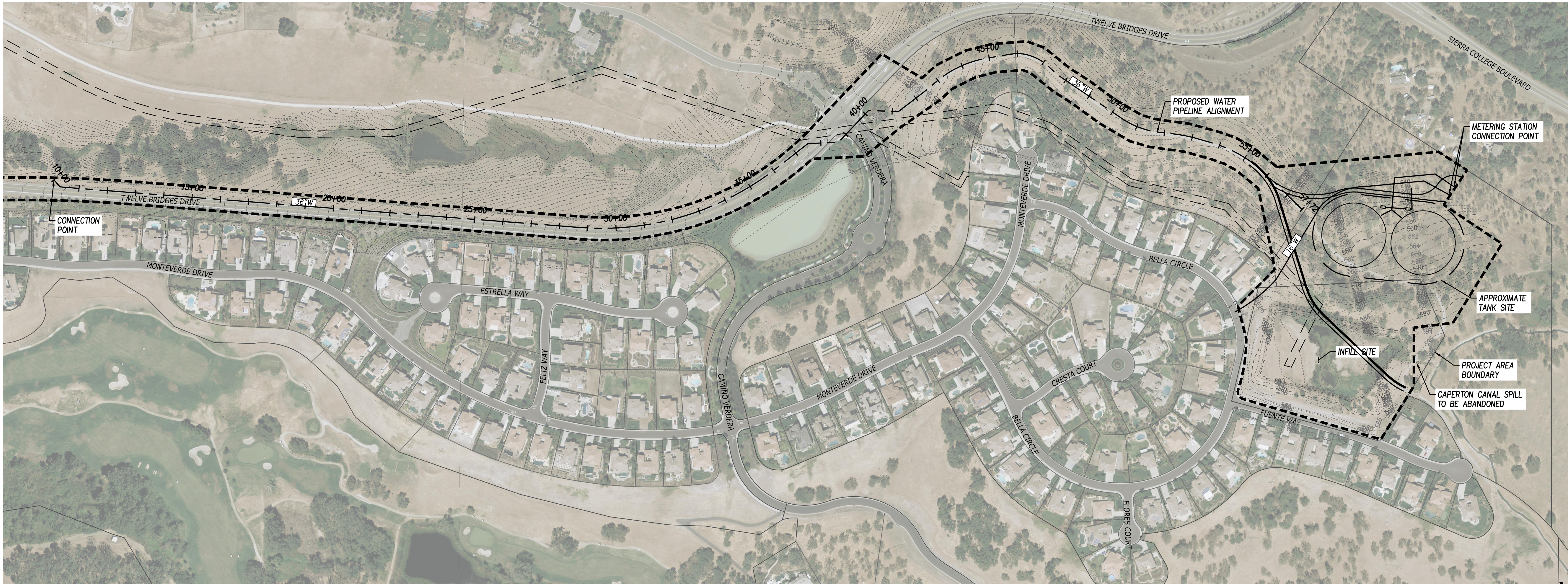
## **Appendices**

- Appendix A: Preliminary Site Layout
- Appendix B: Draft Environmental Survey Map
- Appendix C: United States Seismic Zones Map
- Appendix D: Temporary Access Road Site Plan





VICINITY MAP  
SCALE: NTS



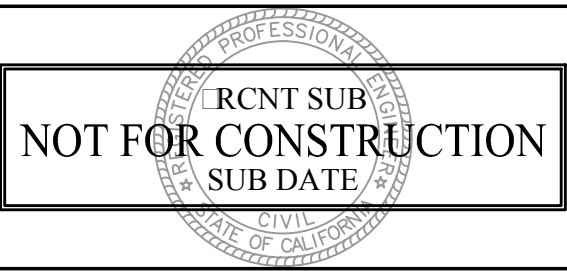
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NO.	REVISIONS	BY	DATE
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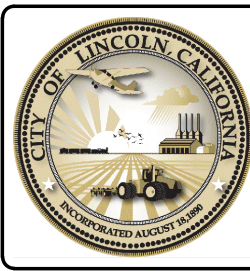
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DRAWN BY :	GR/BM
CHECKED BY :	S.AINSWORTH
SCALE :	1"=200
DATE :	08/29/2016
PROJ NO. :	15110

VERIFY SCALE
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IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY.



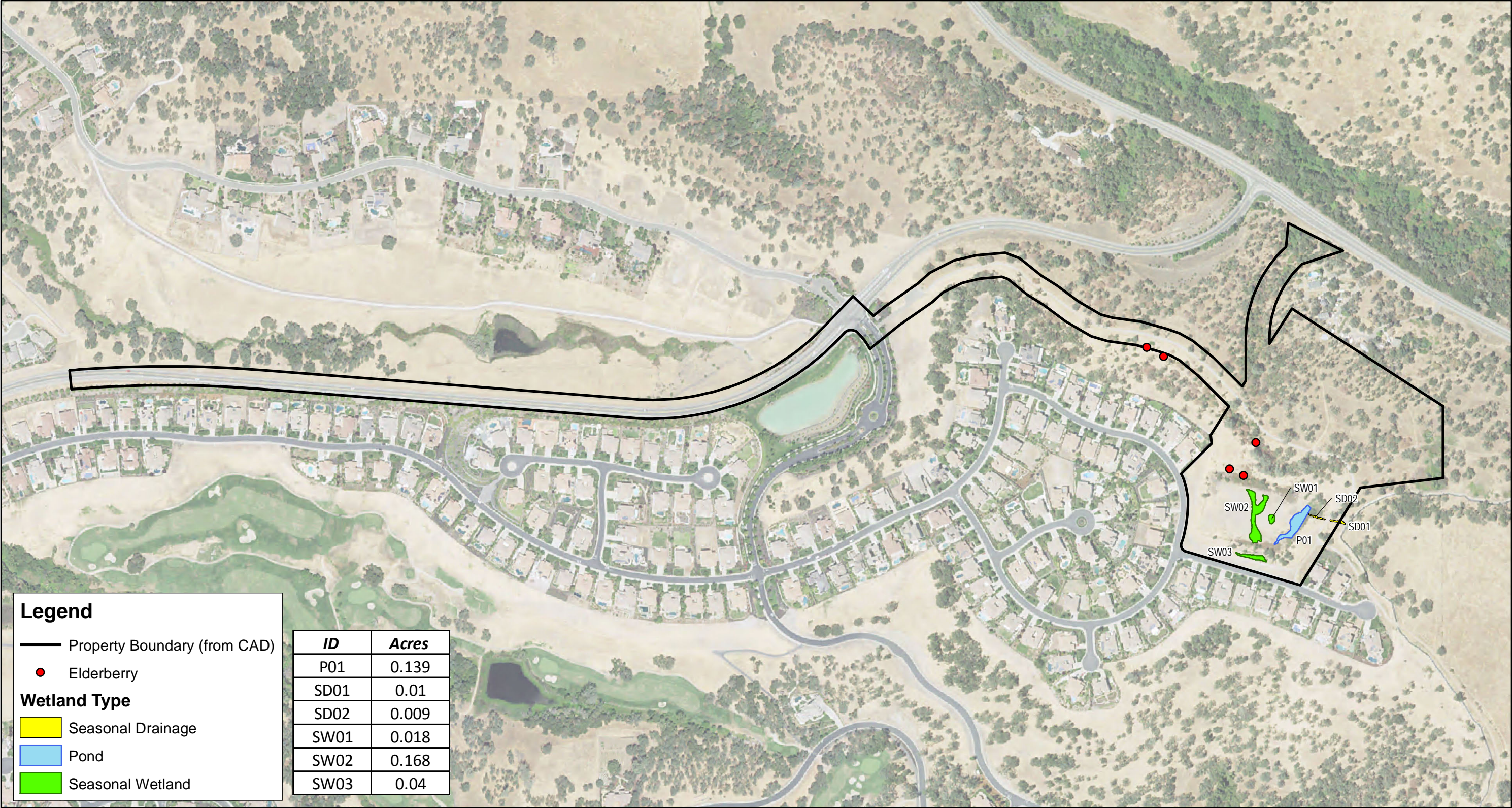
Bennett Engineering Services  
1082 Sunrise Avenue, Suite 100  
Roseville, California 95661  
T 916.783.4100  
F 916.783.4110



LINCOLN TAN 3 AT VERDERA NORTH  
**PROPOSED WATER PIPELINE ROUTE & STORAGE TANK SITE**  
CITY OF LINCOLN  
CALIFORNIA

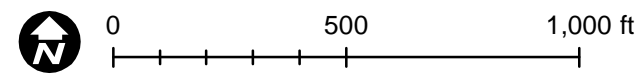
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**Legend**

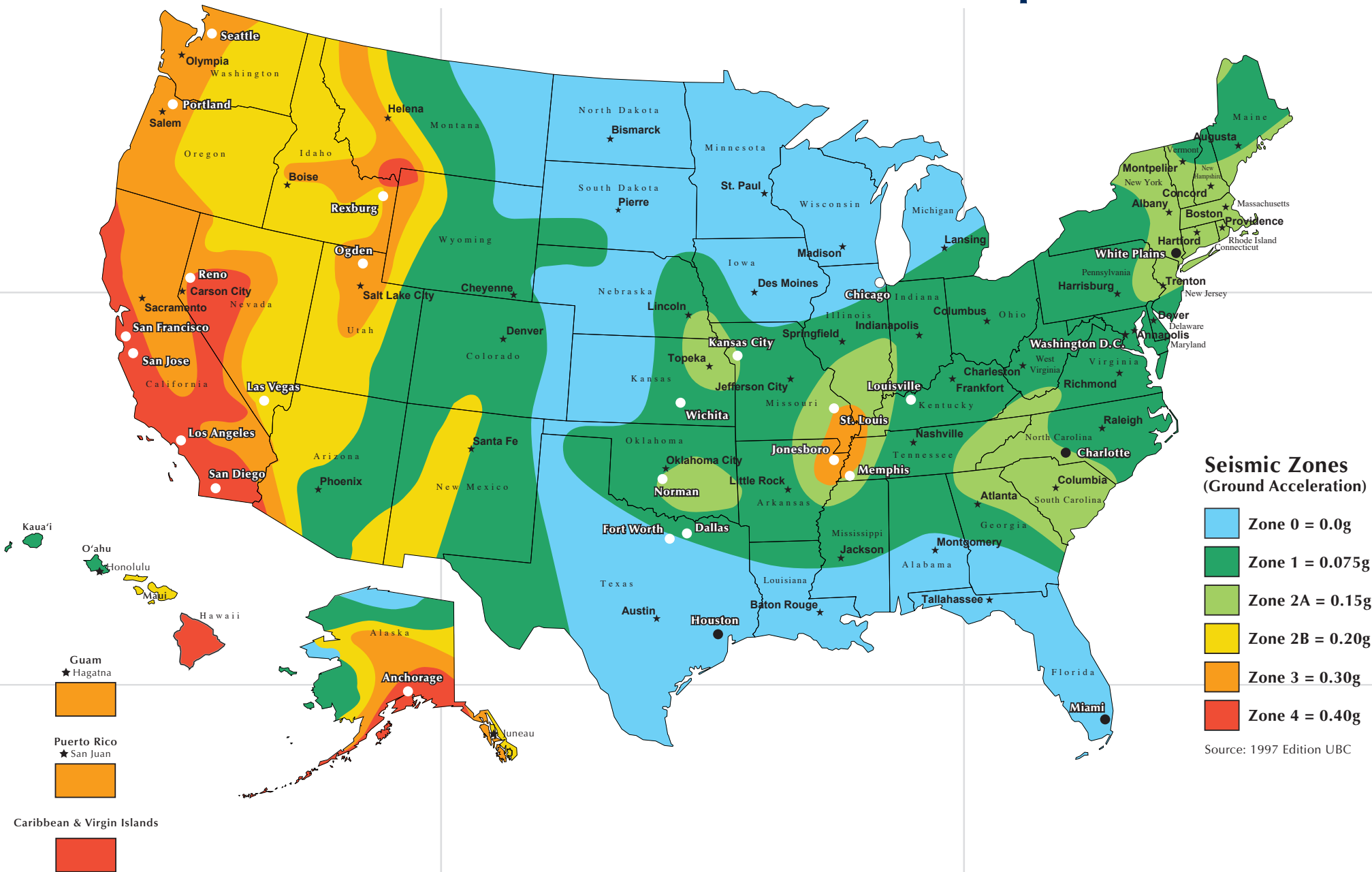
- Property Boundary (from CAD)
- Elderberry
- Wetland Type**
- Seasonal Drainage
- Pond
- Seasonal Wetland



**Lincoln Property**  
**Placer County, California**



# United States Seismic Zones Map







## Attachment B



# Tank #3 at Verdera North

## Preliminary Design Report



Prepared for:  
City of Lincoln

Presented by:  
Stacey Bennett-Lynch, PE  
Steve Ainsworth, PE

September 13, 2016

BEN|EN

## Outline

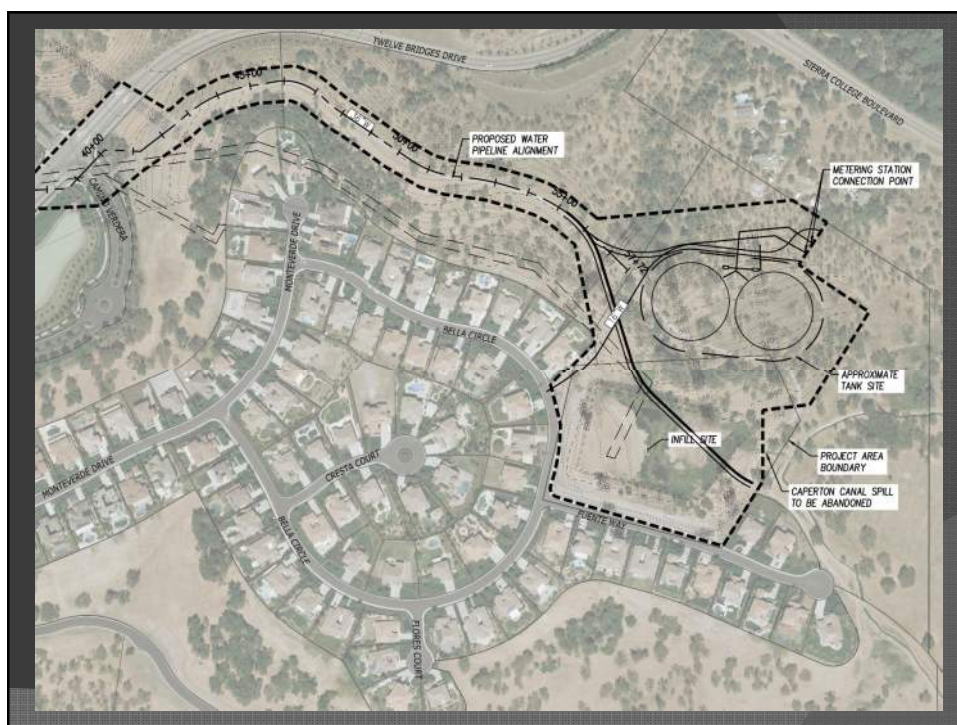
- ▶ Project Goals
- ▶ Project Description
- ▶ Tank Design Criteria
- ▶ Pipeline Alignment
- ▶ Preliminary Estimate
- ▶ Questions

## Project Goals

- ▶ The water storage tank is critical to meet the City of Lincoln's water storage requirements and future water demands
- ▶ Cost-effective
- ▶ Aggressive schedule
- ▶ Phased project schedule
- ▶ Reliability
- ▶ Environmental
- ▶ Minimize construction and visual impacts to neighbors
- ▶ Restore the existing trail and trail parking

## Project Description

- ▶ North side of the Twelve Bridges community
- ▶ 10 million gallon (MG) tank
- ▶ Approximately 5,000 feet of 36-inch pipeline
- ▶ Project includes:
  - Site sewer
  - Tank overflow discharge
  - Trail re-alignment
  - Development of access roads
  - Electrical and SCADA
  - Fencing
  - Filling of the City's historic pond



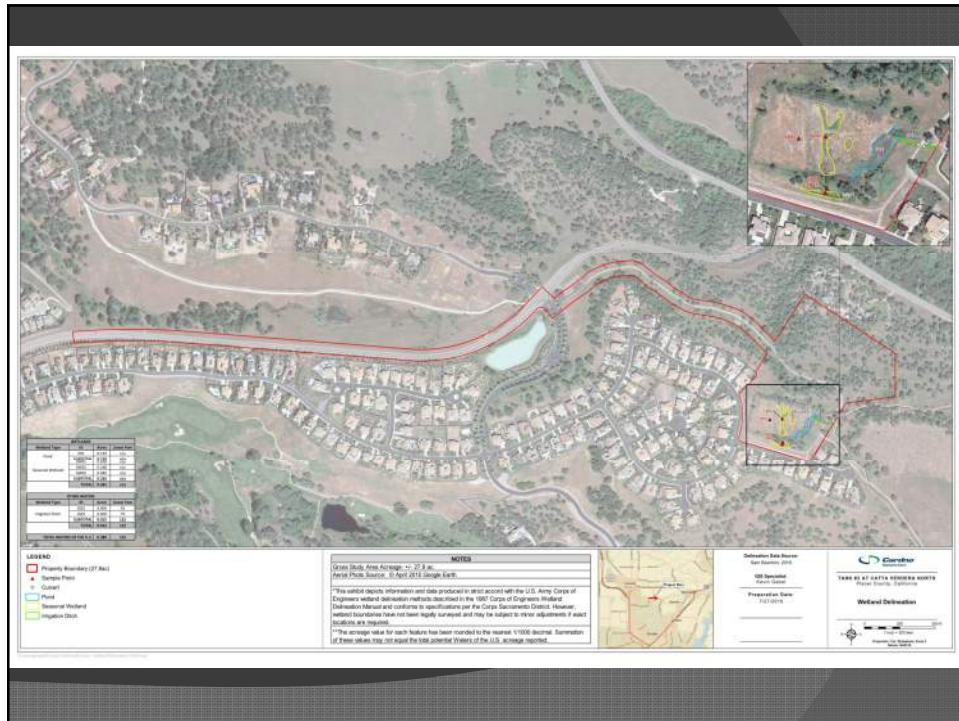
## Tank Design Criteria

- ▶ Tank Type – Pre-stressed Concrete
- ▶ Hydraulics and Sizing
  - Hydraulic grade line = 587.25'
  - Volume of 10 million gallons
  - Tank height from bottom to underside of the roof is 35'
  - Inner diameter is approximately 234' for a flat-top roof

## Tank Design Criteria

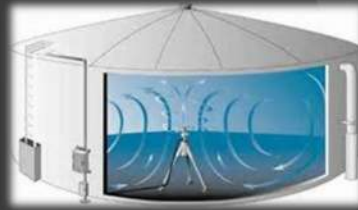
- ▶ Environmental
  - Environmental survey conducted June 7
  - Wetland delineation
  - Valley Elderberry Longhorn Beetle (VELB) habitat
  - Oak trees
  - Environmental Permitting





## Tank Design Criteria

- ▶ Mixing
  - Water tank cycling
  - Inlet/outlet positioning
  - Additional options for mixing include baffle wall curtains and mixing devices
    - PAX Water Mixer
  - Potential for trihalomethane formation and reduced disinfection contact time



## Tank Design Criteria

- ▶ Earthwork
  - Tank site grading
  - Municipal water storage pond infill site
  - Metering station
  - Phased stockpiling
  - Differential backfill

## Tank Design Criteria

- ▶ Reservoir Overflow
  - Weir box overflow
  - Instead of funnel overflow
  - Reduces overall profile of the storage tank
  - Concrete spillway vs. natural drainage course

## Tank Design Criteria

- ▶ Miscellaneous
  - Roof type – flat top
  - Altitude valve
  - Trail re-alignment and access roads
  - Vents
  - Access hatches
  - Tank washdown
  - Materials testing requirements
  - Construction phasing – eastern tank
  - Construction and permanent access
  - Site utilities – sewer, electrical, raw water



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## Preliminary Estimate

Pipeline Project – CIP 345	Cost
Mobilization/Demobilization	\$15,000
36" Pipeline	\$2,424,000
Appurtenances	\$10,000
Tank Spillway	\$2,000,000
Contingency (20%)	\$489,800
Subtotal	\$4,938,800
Tank Project - CIP 377	Cost
Mobilization/Demobilization	\$20,000
Site Grading	\$139,200
Offhaul	\$600,000
Tank Backfill	\$20,000
10 MG Concrete Storage Tank	\$6,000,000
36" Pipeline	\$494,100
16" Pipeline	\$267,900
Overflow Pipeline	\$20,000
Valves	\$90,000
Appurtenances	\$50,000
Electrical/SCADA	\$250,000
Site Sewer	\$25,000
Contingency (20%)	\$1,595,300
Subtotal	\$9,571,500
<b>CONSTRUCTION COST TOTAL</b>	<b>\$14,510,300</b>

## Preliminary Estimate

Project Cost	Cost
Engineering	\$532,500
Environmental Mitigation	\$132,000
Construction Management	\$250,000
Soft Cost Contingency (20%)	\$182,900
Subtotal	\$1,097,400
Total Construction Cost	\$14,510,300
<b>PROJECT TOTAL</b>	<b>\$15,607,700</b>

- ▶ Cost of environmental mitigation and filling of the historic pond site will be partially or completely offset by future sale of the pond site for land development
- ▶ For the FY2016-2017, the City of Lincoln has budgeted \$17.2M for the 36" pipeline and 10MG tank projects

